

City Council Work Session Transcript – 08/29/2017

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>> Mayor Adler: All right. We have a quorum. I'm going to go ahead and call to order this Austin city council work session. Today is Tuesday, August 29, 2017. The time is 10:18. We have a delayed start this morning because we had first a special called emergency council meeting, and then we wanted to provide the opportunity here at the end for some of our colleagues on the council to be able to speak to Spanish TV to make sure we were getting the message out widely. Now we're in the room and we'll go ahead and convene this meeting. We'll begin with the two presentations that I think involve similar overlapping staff. It looks like the first one you have Teed up is colony park retrieving. The floor is yours.

>> Thank you, mayor, city manager, city council. I'm martin Barrera, economic development department project manager for the colony park sustainable community. Thank you for inviting colony park team here today to present the solicitation plan to select a master developer partner to build Austin's next great mixed use, mixed income sustainable community. I'm joined by economic development department director, staff, long time community advocate Barbara Scott and Helen Miller. We're here today to discuss the importance of building this community and this -- in this low resource part of east Austin. We'll discuss opportunities in the city's eastern crescent and specifically the 208-acre site, we'll revisit the project history and describe the implementation and project phasing plan. We'll describe the innovative solicitation price we developed with

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community stakeholders and purchasing office and we'll discuss details of the advertising and marketing plan to reach developers working in local, state, national, international arenas. And we'll give an overview of our next steps. Let's review the vision statement crafted by the colony park community

during the master planning phase. We seek to create a healthy, safe, and active community where families and neighbors enjoy an ever-improving quality of life, supported and sustained through education, culture enrichment, job growth, business opportunities, shared prosperity, mobility choices, neighborhood amenities, recreation. Many staff members from many departments are working together through interdepartmental and interagency cooperation to lay the ground work for this innovative community. It's important to understand the colony park development opportunity in its regional context. The project site sits at the heart of Austin's eastern crescent and will serve as a catalyst project for the area. The project site is approximately 7 miles from downtown Austin, the state capitol complex and the university of Texas. It's only 6 miles from the airport, 5 miles from downtown manor and 4 miles from the Mueller redevelopment site and only 2 miles from Walt E. Long park and Travis county expo center, both currently exploring redevelopment opportunities. The colony park site is conveniently located near major transportation highways, 183 runs to the west, 290 to the north, 130 to the east. And capitol metro's green line proposed passenger rail runs immediately adjacent to the north and the surrounding area is experiencing unprecedented growth with many mixed-use master plan communities underway to deliver millions

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of square feet of commercial space and over 20,000 homes. In 2001, 258 acres of land were purchased by the city, 50 acres were dedicated as parceled and added to -- parkland and added to the adjacent park and combined they form the 93-acre colony park district park, the site of Overton elementary school and turner Roberts recreation center. 208 acres of land owned by the Austin housing finance corporation remain as the site of this development opportunity. I'll briefly describe phase one, the completed master planning phase, and then phase two, the implementation phase currently in progress. The master planning initiative began as a three-year effort supported by a \$3 million housing and urban development department, sustainable communities challenge grant. The planning phase was led by the neighborhood housing and community development department who organized the community-led team of upper design, planning and public engagement experts and the planning process included residents from five census tracts, a community advisory committee and technical advisory group to inform the vision. The culmination of this planning effort was a clear community vision documented by the council-approved master plan, design guidelines and planned unit development P.U.D. Zoning district. The plan has already achieved critical acclaim, winning the 2016 project planning award from the Texas chapter of the American planning association. See the photo of community stakeholders, city staff and consultants receiving this award last fall in San Antonio. The colony park master plan was inspired by the imagine Austin comprehensive plan and the following H.U.D. Land use principles and development livability principles to provide more transportation choices,

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promote equitable and affordable housing, enhance economic competitiveness, support existing communities and value neighborhoods. The development program for colony park includes over 960,000 square feet of commercial space distributed across the 208 acres, including shaded in blue the Loyola town center and shaded in a light peach color, the proposed capitol metro green line station transit oriented development. The program includes over three thundercloud mixed income housing units, 20% of which are affordable. These units will be indistinguishable and dispersed for both rental and ownership options. The plan incorporates best practices for sustainable design, including energy efficiency and water conservation strategies and the development of 55 additional acres of open space. 2015, the implementation of the colony park master plan was transitions to the economic development department and leading up to the solicitation for master development partner we've crafted a community-inclusive solicitation process with the purchasing office, we've facilitated a presolicitation form with local developers to better understand the market, we've strengthened staff and consultant resources to manage the implementation plan, and developed strategies to engineer and permit the backbone infrastructure in coordination with transportation, public works, the corridor program and many other departments. And illustrated is the resolution ordinance council items that helped strengthen our position. Inspired by the community engagement efforts demonstrated during the master planning phase, the economic development department continues a robust community engagement strategy to ensure the solicitation and implementation process is

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fair and representative. We've engaged the community at local schools, recreation centers, neighborhood association meetings and we listened and learned what the community values in a development partner. The master developer will be selected through a two-step process, a request for qualifications followed by a request for proposals. In step one, an evaluation panel with community representation will score the request for qualification submissions and identify a short list of qualified master developers for further consideration. In step two, the city will issue a request for proposals to a short list of qualified master developers who will have an opportunity to submit proposals, including a development concept and business plan. An evaluation panel with community representation will select a master developer for recommendation to city council in summer of 2018. Following the community presentation and once approved by council, the city and the selected master developer will enter exclusive negotiations leading to the execution of a master development agreement. To publicize the search for a master development partner, the economic development department and the purchasing office will send direct email rfq notices to over 1200 developers nationwide. We'll cooperate with public information staff to issue press releases and advertisements to local, national, international print and media including urban land institution and other design and development trade media and social media

outlets. So what are our next steps? We'll issue the request for qualifications in September, and that will begin the no

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contact period. The city is authorized -- the city's authorized contact person is Daniel lord. We'll facilitate a preconference in October and evaluate rfq responses in January. We'll issue an rfp to a short list of qualified master developer candidates in February and come back to council to request approval of the selected master developer in the summer 2018. So on behalf of the colony park team I'd like to thank you for inviting us here today and we're happy to answer any follow-up questions. >> Mayor Adler: Council? Ms. Houston? >> Houston: Thank you, mayor. And thank you all for the presence, and I want to thank Ms. Miller and Ms. Scott and the colony park team, all of them, for years of dedicated work. I think that this will be a jewel in the eastern crescent and it will provide the much needed amenities, housing types and resources that are sorely missing in that area so I'm looking forward to you bringing us something back in 2018. >> Mayor Adler: Thank you very much. Looks good. It's very encouraging to see the action. Thank you. Mr. Renteria? >> Renteria: Yeah. This is a great opportunity that we're facing today I've worked on the community development commission for years and this was one of the locations that we wanted developed. I just want to make sure that y'all know that, you know, these kind of cases can blow up on you so be very sensitive and transparent about everything that's getting done. I know when you start your negotiation with the developers you might not get what, you know, you're really wanting because of the restraint on the costs, but make sure that you relay all that information to the community so that they know

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what's going on up front because it can blow up if you -- if you don't get that information out to the community. >> Mayor Adler: Okay. Thank you very much. >> Thank you. >> Mayor Adler: Mr. Canally, do we have a second presentation? . >> Good morning, mayor, council, Greg canally, interim chief financial officer. I just passed out the presence for this morning, hot off the press. We're happy to be here, and we have kind of a extensive powerpoint to walk you through, or presentation, on our initial financing framework for downtown investments we're excited to walk you through some of the work that we've been -- we've had underway over these last few months. So we're really here today to walk you through -- take

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you back in February, the city council passed a resolution related to the eastern part of downtown, and investments that have been discussed for years, in some instances, and other new things of that popped up so the resolution addressed a variety of potential projects that have popped up. Addressing -- I think the first key thing is addressing the people that are experiencing homelessness in our downtown so that we can find a different, better way to serve our people in our community. The waller creek linear park has been a on going discussion, looking at the convention center, the master plan that has been going on, also addressing our cultural and historical sites in downtown that have been such a key part of our downtown vibrancy and our growth that we have seen over the last 15 years as the city of Austin and the -- really the community has looked back down to downtown as a driver for economic -- economic prosperity. At the same time the resolution also asked us to look at a variety of funding tools that were - that has been discussed that includes tax increment financing and we'll walk you through some of that today, our hotel occupancy tax and there's been lots of conversation about that as well, as well as a new idea, the idea of a tourism promotion public improvement district. Key in this resolution was kind of the economist in me, key for me was the idea of looking at an overall economic assessment. I'm going to walk you through -- actually spend the beginning of today walking through that. So while I'm certainly aware there's some other resolutions on this week that kind of deal with some of these topics, we're really here today to walk you through that and in fact in July we sent out kind of a status report on the initial financing framework around these topics that the

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council resolution had us to go out and look at. So we are here to -- and after that memo out there was a lot of good input and questions and requests for us to be here today to walk you through this initial financing framework. And so that is our intent to walk you through that and go through some other topics. So I think as a frame to this conversation I'd like to talk about several downtown investment initiatives, recent downtown initiatives. I think we can go back longer in time to what happened -- where we are right now on second street and some of the other major planning efforts that have gone by. Just highlight several. Waller creek design plan, that was a process as the waller creek flood control tunnel was built to quickly -- quickly the discussion went to the linear parks that could be part of that project and lay over top of that project. That was a three-year process we're here today to reaffirm our commitment to the partnership that we have with the waller creek conservancy to help implement that design plan that has been adopted by the city council in June of 2013 for a string of linear parks so we're here to reaffirm that. The convention center master plan process began in March of 2014 with a contract awarded by council at that point with a multi-- also a year and a half process. The urban land institute had a report on it as well. We are here today to reaffirm the recommendation from that master plan to expand the convention center. This city council also established a visitor task force that was in

place for a year and they went through a public process to both draft a final report, and they were presenting to you several weeks ago. We're also here today to

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reaffirm their recommendation. Key us to from the visitor impact task force was the idea of the expansion being done in a new, different manner but looking at it in a way that we could keep the land on the tax roll and look at doing it as a p3, public-private partnership opportunity. So for us that is a recommendation that we support. We actually believe that is -- would be the preferred method to move forward on a -- on the expansion that, again, that we will continue to reaffirm that recommendation. So today what we're going to do, we're going to start with the economics of downtown, do a little walk through downtown Austin, talk about its value as part of our community, but also as part of our revenue-generating. That is important for the entire city. We haven't had a time to walk through tax increment financing before with this council in full length. I'm going to spare you the Normal 70 page powerpoint on tifs. I think mayor pro tem remembers it from several years ago. We'll have that -- we'll get that all up. There's a very extensive work we've done on that in the past. That is kind of a context to having a discussion about the waller creek area and the financing surrounding the waller creek area. And from there we'll go into the convention center discussion and then do some wrap-up. What I'd like to suggest, council, I know -- again, one of my objectives today is to go through the -- go through our financing framework but I also recognize we've had lots of conversation as recent as last week when the convention center was presenting their budget. Our goal today, too, is to try to address some of the questions that have come up over the last -- really since we put this memo out in July. We might not get to all of the questions but we're trying to accomplish weaving the answers to that as well.

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So my suggestion -- a suggestion would be if I can get through each of these sections and I think there might be a natural pausing point at the end of each of those sections for some questions about each of those. So first starting with downtown. What we know is in Austin's experience, but I think from a planning perspective, downtowns are very vital to a community. Fundamentally they require a mix of reinforcing land uses, activity must be constant and balanced, must be entertainment and cultural attractions and public spaces are important, walkability is important and critical is the city's role in public infrastructure that they can have a catalytic impact. Here's just a -- kind of a grab of American planning association from the journal, talking about the importance of downtowns. And I think a lot of the elements on there are important. One of the things that I'm drawn to the most -- I know this is somewhat small -- is the idea of fiscal responsibility and how downtown revittization plays well and is

imperative as part of that financial responsibility I'm going to try to highlight most of that today. Another plan that I think kind of acts as a backdrop to the discussion we've been having and we're going to have here today is the city's downtown Austin plan, which was a multiyear process, adopted by council in 2011, and it laid out a large vision. Some of the highlights of those visions were the idea of downtown being a dense and livable pattern for development that supports both vibrant day and nighttime environment, very critically parks in public space that's instill a unique sense of community, and I think what is fantastic about Austin our

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beloved historic places, buildings, landscapes, built-in environment, we know they can be such a driver for our people and our community. Also there's a variety of districts and destinations and creative expression of its citizenry, and I think we have seen that since this plan, these kind of emerging separate districts within the downtown, they're being talked about differently. When I first moved to Austin over 25 years ago, you were going downtown when you came to downtown and now you're going to specific parts of downtown. They're having their own recognizable segments, and I think that is important involvement of our -- evolution of our city and which I. We also talk about a green necklace of trails, which we have begun putting the plans in place to address and also the innovative businesses, large and small, attracted to downtown by all of the factors that we can put in place for that. So what has been our experience in this? I would say that Austin has had a very strong track record over the last 15 years of investing in our downtown. And, again, throughout all of the districts, these emerging, evolving districts that we have seen. We've done that through regulatory environment, our infrastructure spending, as well as investing in catalytic projects, not just us, but also other -- the rest of the larger, broader community. This looks where we are right now. City hall, second street. We've seen this area grow broadly. The original convention center expansion back in the early 2000s and the decision to go into -- have a Hilton hotel, the republic square work going on right now, that's a pretty fresh image of what's happening over there as a partnership with the downtown Austin alliance. Cap metro went through a process of metrorail, bringing it through the community and connecting that to our downtown, our public works and transportation departments over the years have invested in our sidewalks and our great streets and bike

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lanes. Our redevelopment projects to the western side of downtown, a key function of those was opening up the street grade in that -- grid in that part of downtown in both green and Seaholm with second street cutting across on the new infringe that's been an elemental part of our growth in

downtown. The waller creek tunnel itself. That project taking 28 acres out of the floodplain and putting them into the ability to be redeveloped. We've also had a slew of cultural facilities that have been built, some by us, the Mac, and our expansion of the mac through our bond programs, the Blanton museum, Bob bullock museum, all added to the fabric of our downtown built environment but also our downtown experience. Complimenting this we've seen an increase in housing units in early 2000s, in 2000 those 2,000 units are up to 9,000 units now. We've seen a growth in office space, over two and a half million square feet of office space over the last 15 years. All of these have complimented each other and reinforced each other and led to a positive -- a positive impact on the city's tax base. And that's what I want to just walk through real quick. Part of a fabric of that as well, an element, has been our tourism as part of this downtown. We know leisure and hospitality employment stands at nearly 130,000 people. That's double what it was in 2002. It's now the third largest employment sector in the city. In addition to employment, we also see a positive impact in construction. Our Hilton just went through a renovation project that we, as a board over that, we're very -- we make sure that they're very rigorous about what they're doing. But the result of that not only was a better built environment around the Hilton and inside the Hilton

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but also during the process it created 700 on-site construction jobs for that \$40 million project. So in itself, has an economic benefit. So the central business district, back in 2009, really right before the great recession hit, it represented all the downtown CBD, so between the lake and 15th street, west of Lamar and east of 35 represented about four-point -- represented 4.8% of the total city's assessed valuation. We stand today almost in a double -- a place where that share of assessed valuation is now at 8.6%. So we've seen a higher growth in the downtown values than elsewhere. Than everywhere else around the city. You can see that in another way, another look at that is looking at how are each year over year change in our downtown central business district assessed valuation. You can see early on they were -- they have been -- they were consistent in the -- the blue is the central business district and that light I'll call it a peach color, I guess, is the rest of the non-cbd assessed valuation. What you can see surprisingly knowing the commercial value in downtown and the hit that that -- the hit that the commercial values took during the great recession, that even then coming in 2011, when assessed valuations overall citywide were down, downtown still -- CBD still outperformed the rest of the central -- the rest of the city's assessed valuation. Since then you can see each year the growth in the business district has exceeded the growth everywhere else. The third piece of this is its impact on our tax revenue. What this chart shows you is if we had had -- if the

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central business district had grown at the same rates as the rest of the -- the rest of the -- rest of the assessed valuation or outside the central business district, you would have seen basically an in fy18 alone that dividend or that extra growth that we're seeing in downtown represents \$25 million in the fiscal 2018 proposed budget. So let me walk you through the numbers on that. So in 2008, as I said, the growth in assessed valuation was similar in downtown as it was in the rest of the non-cbd area. About 12.3% and 13.7. Since then the values in the downtown have increased nearly 300% compared to 100% for the rest of the nontax base. So about a three to one growth factor. Overall, CBD values have grown 13.8% compared to 6.8% for non-cbd properties, and as we've mentioned the overall share has grown. So what has that meant? How has that influenced our tax flow I mentioned if the CBD had grown at the same rate the city would have foregone about \$95 million in revenue over the last decade. In '18 that impact is 25 million. Other entities benefit from the downtown as well. Aisd collects around \$130 million from the downtown. Their delta alone for 2018 under this same assumption would have been about \$60 million difference to aid. So, again, this rising growth in the downtown has helped -- helped us on our overall property tax revenue collection and our tax rate. That 25 million represents about two cents on the tax rate. So I can stop there, if there are any questions.

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>> Kitchen: I have a question. >> Mayor Adler: Yes. >> Kitchen: Okay. I think I understand this, but just to be clear that I'm reading the graph right, on page 8, hospitality workers by zip, are you saying that that's where they live? >> Yeah. So the objective -- I think you -- there have been some of these maps that have been presented I think in the visitor impact task force process so that we have a lot of our employment -- this represents our hospitality, I think it's about 40,000 employment. This is actually in the food and restaurant business. Just showing you that that economic engine downtown also where these folks are living and working, they're coming into downtown, they're taking that, you know -- their wages and where they're residing just to show that this is a -- this -- kind of this ecosystem between downtown and the rest of our community is not only on a tax revenue but on an experiential basis, people are coming to work downtown, coming out in this part of our sector, which is a very important part of our tourism industry, obviously the restaurant area. >> Kitchen: Just so I understand the graphs. When we see hospitality workers by zip this is only reflecting the workers that -- the hospitality workers that go downtown to work? >> Yeah, this is overall restaurants. So this is citywide. >> Kitchen: So we don't know if this graph is telling us -- this graph doesn't tell us where these workers work. It tells us where they live? >> Exactly, yes. >> Kitchen: Okay. Just wanted to make sure I understood that. So. . . >> Mayor Adler: Yes? >> Flannigan: On slide 7 when you talk about the increase in housing units and growth in office, what is the growth in hotels? >> I don't have that -- off of tip of my tongue. I know we have seen certainly with the J.W. Marriott nearly a thousand rooms, the fairmont about a thousand room, hotel van

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Zant, about -- at one point we had probably three or 4,000 hotel rooms in the pipeline, and most of those have opened at this point so we've seen growth and we get kind of that data point. >> Flannigan: You kind of covered a little bit on the eighth slide but the portion of that tax revenue is coming from the actual hotels themselves, the tourism impact isn't just on the sales tax, it's also the property tax from the hotels that get built and -- >> And we have that pesach we can get that. >> Flannigan: Excellent, thank you. >> We just ran that over the tax revenue they're paying. I know that the J.W. Alone their property tax bill is well in excess of a million dollars. >> Flannigan: Thank you. >> Mayor Adler: Yes. >> I just wanted to make a comment on the slide on -- with the employment for the leisure and hospitality industry. When we were talking last night looking at this presentation, it's important to note that this is one industry that you can get into without a college degree and you can move up into management positions without having that college degree. So it is an important industry to our city and it provides great opportunities for our citizens. >> Kitchen: And -- >> Mayor Adler: Hang on one second. Ms. Pool. >> Pool: I appreciate that. About employment. But I think the point that -- I think that councilmember kitchen was making and that I was going to ask, too, is we're not saying that 129,000 jobs are downtown at the convention center. We are saying that this is the third largest employment sector throughout the entire city, and I think that is an important distinction to make. I have a couple other questions, if I may. On your slide 9, you show values increasing by about 300% for downtown, and that is -- can you talk a little bit about that? I mean, I know that property downtown is valued significantly higher than

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just about anywhere else in the city. So -- >> Mayor Adler: Let's -- there was a question that came up from Ms. Kitchen while he was in the middle of his presentation. We've adopted a practice of trying to go through the presentation. >> Pool: He's asked us for questions. >> Mayor Adler: I thought it was a quick question but if we're going to get into the discussion I would really like him to have a chance to finish the conversation. >> Pool: My understanding was Mr. Canally was breaking it up into segment and he was at the end of the first segment. If that's not true I'm happy to hold my segments. Are we at the end of the first seg ." >> Yes. >> Pool: Is that all right, mayor. >> Mayor Adler: That's fine. >> Pool: Great. The point I wanted to make on slide 9 is I would entirely expect that values of anything that is built downtown to have -- I mean, any structures that are built downtown would have more value. Is that generally -- generally the case? Especially now in Austin. Maybe not 20 years ago when we were in some recessions and downtown wasn't as active. >> I think that's exactly the point, is that because of the -- I think the catalytic discussions and the catalytic infrastructure spending as well as the -- that the city and others have put into downtown, I can say I was -- when we looked at these numbers, I anticipated downtown to be growing at a higher clip than the rest of the assessed valuation. But I was -- I could not believe that it was 300% over ten years. And I think -- and the fact that it is spitting off was surprising to

me, councilmember. I didn't expect it to be that big. We had never really looked at it like that before. We knew anecdotally that obviously values are going up. We certainly hear from a lot of people that values are going up. It does make sense that values in the downtown core are going up. I think the value is that provides a dividend in itself. >> Pool: Does that also

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mean not only a dividend, but if the city were to want to do a ground lease or purchase some land for an expansion that we would also be paying a premium price? >> Most certainly. I think when the city participates in the real estate market we are -- >> Pool: Subject to the same -- >> We are subject to the real estate market. And I think we'll get into that a little bit about the preferred option for an expansion about how to -- how to get that and actually help leverage some of that -- help leverage some of that as we -- if we would go down that path, that preferred option can help mitigate some of that potential issue on land cost. >> Pool: Could you put up slide -- I think it's ten? And that shows the growth between the central business district and all other part of the city. And I think there are a number of interpretations that we can draw from this chart and one of them is of course that downtown has a greater value and has grown more quickly than all other parts of the city. It also tells me a story about the stability of the valuations downtown versus all other parts of the city. For example, we lost 50% of the value between -- I don't know if that's because fiscal '18 isn't fully priced out or not, but it looks like dropping from twenty-six% to 13, 14% is about a 14% drop. So that makes me wonder what is happening there whereas all other parts of the 26 has a fairly 60 increase in the last three years with about a 20% drop between fiscal '17 and '18. >> Councilmember, let me clarify that. These are the average annual growth rates over the prior year. So what we're saying in fiscal year 18 downtown grew

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13.8% off of last year which grew 26% off of the prior year. >> Pool: So they're accumulated. >> This is annual growth year over year growth. I'll amend that slide there to say that. But this is not the tax base. The tax base again in downtown looks like the overall tax base went up significantly downtown now for basically seven straight years of double digit growth of assessed valuation in downtown. >> Pool: And do we see a 50% drop in the valuation growth over last year and this year? Again, the 13.8%? >> Again, I would say that we didn't see a drop. We're seeing an increase in -- we're seeing an increase in the assessed valuation of downtown by nearly 14%. >> Pool: Right, but it was 26% last year. >> I think the growth has moderated, yes. >> Pool: Okay. >> The growth has moderated citywide as well. >> Pool: Right. And my point is that the moderated growth is at a different clip. One of them is about 50%, the other is about 20%. Is my math right? Percentages sometimes give me a headache. >> Yeah. Again I

would say there's a sustainability value of the growth that you want to see. For me the key point on this slide, one of the key points is not only the double digit growth of downtown, but if you look back at the great recession where downtown out performed everywhere else and that was a surprising number to spit out. >> Pool: And that was based on the numbers. >> Because of the way the assessed valuations caught up with the tax year. >> Pool: And the last question I have on this is slide 12. I was curious. We dug in on the tax swap idea about how to lower aisd's tax rate and make sure -- or try to keep more revenue in Austin in whatever way we could manage to do that. Does -- if you could put up slide 12, that would be great. >> Sure.

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>> Pool: How -- I think it's on here where you're talking about aid where is that on here? I guess the other taxing entities also benefit from cdb growth? And that would be the school district? >> So the round number that have told me is the school district in 2018, they'll generate from their tax rate will generate nearly \$130 million of property tax revenue for downtown. >> Pool: Are we able to keep that money in here in Austin or is that part of the recapture that we would actually only see a portion of that? >> I think that would all go into that recapture discussion. >> Pool: It would all go into the recapture discussion? >> Their revenue is not segregated by district. It all goes into the recapture fund -- all the revenue they get is subject to the recapture. So the percentages we've seen overall would be applied to that number. Certainly, yes, I think a lot of our downtown revenue for the school district also being taken away from the community. >> Pool: Right, thanks. >> Mayor Adler: Mr. Flannigan. >> Flannigan: This chart is really very interesting. I don't have the same challenges interpreting percentages, but when I look at this chart, it seems like downtown is far more resilient to changes in the market than the rest of our tax base because when we go up, downtown goes up more. When we go down, downtown goes down less. So it is much more consistent and resilient over time. What I'm curious to know in slide ten is how much of this, roughly speaking, is related to new construction versus how much of it is related to increased valuations on existing construction? >> We would have to kind of tease that number out. We were just doing a high level cdb growth. Obviously there's been a lot of construction downtown. Again some of the hotels that have gone up and which have contributed for more positive property taxes, especially the way we set

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our effective and rollback tax rates and how we treat the construction. >> Flannigan: Thank you. >> Mayor Adler: Anything else now? Thanks. Councilmember alter and then Ms. Houston. >> Alter: I wanted to second the request for that break down. >> Mayor Adler: Ms. Houston. >> Houston: Thank

you. And Mr. Canally, do you have any information on the number of protests that the hotels or the new properties in the central business district, how many protest their tax evaluation? >> I don't know that, but we could work with them and see if she's captured that for at least the last year to see what she's had and get that. >> Houston: Thank you. >> Mayor Adler: Okay. Ms. Troxclair. >> Troxclair: On slide 11, does that chart include tif revenue? >> So this is all in -- this is our overall -- there's a piece -- there might be a piece of that that's in the tif overall and I could get at that as maybe perhaps about -- this is overall city property tax revenue, we could back that piece out for whatever the existing law agreed to. >> Troxclair: I guess I would be curious to know what portion -- so that portion would be going to the tif and the other portion going to general revenue? >> This is, this is a top line on growth. But the way we collect our tax increment financing zone and we're about to go through that now, is that comes in and then we move that into the appropriate funds according to the ordinance that's been set up. >> Troxclair: Okay. I would be curious to know what that number is. Thanks. >> Mayor Adler: Okay. Anything else? Please continue. >> On to tax increment financing. Second part. And again, as I said, there is a longer -- I'll get you the links to all that. I'll send out some of our longer city manager and I in

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the past have done done some extensive conversations around tax increment financing so we can certainly get those out to you. So tax increment financing has been a popular financing tool to encourage economic development within a defined area. There's various codes in the Texas codes that allow for this. The one that we traditionally use is the tax increment reinvesting zone in the Texas tax code. I'll walk you through some of the highlights of that legislation. The purpose is to generally set aside property tax revenues due to assessed valuation in the the growth for the purposes to impact that zone that would have but for the investment would not have occurred. And in Texas either city or county can designate the zone. So here's a combination of -- just to show you the graphics idea, the theory behind tax increment financing. The idea is you capture, you make an investment and because of that investment, values grow higher than they normally would have. And that is called the increment or the value capture piece. So what you do is the way the mechanics of it work is you freeze the base and if you set a base year, and we'll walk through this for waller creek, you set a base year and then an increment above that is captured and then used to invest in the projects, typically investing in public infrastructure via debt. That has been our experience doing that. At the end of the term of the zone, which has been for us 20 years, if there is debt associated, the debt is paid off and that entire increment, all of the base and the increment now becomes now part of the general fund revenue. There's two types of ways to use the proceeds you get from tax increment financing.

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First is pay as you use. First is you set aside to manage a debt payment, you issue some debt and you use your annual avenue stream to service that debt. Tifs do have the authority to issue bonds. We can also use that revenue to support certificate of obligations that the city issues. The idea is that the financing of the projects are transferred from a risk perspective. There is also the ability to use tifs to fund operations and maintenance. It is -- as long as it's an allowable use within the zone,. The one caveat to that is it's a slow process because the increment, which is back here, you can see, the increment grows steadily year by year. We can take a long-term 20 year cash flow and turn that into a debt instrument and make payments off that, but when you're managing you're trying to fund annual operations you're having to live within that year and it generally grows. We'll talk about this for waller creek. It certainly San option and I think it if we get to waller creek it's possibly a new way of looking at additional revenue, operating revenue for a variety of needs in the -- in the initial financial framework. But again, you can do both, both capital and o&m. I touched on the fact that enabling legislation is chapter 311 of the code, the tax code. Tax increment financing just to kind of -- we throw out the terms interchangeably sometimes, the tif and tires. Tier is the actually financing tool, it's the actual financing tool. What we do when cities set them up is called an tax increment reinvestment zone, kind of the process of doing that. There are some rules about that, the restrictions. No more than 30% of the zone of the ap is residential. Excludes public property. No more than 25% of the city

[11:06:40 AM]

tax base, neither city or county can designate that. There is a provision that landowners can petition for that as well. There's a detailed process that goes through to create a zone, it has public participation and public hearings. Tend what it does require is the creation of a tax increment reinvestment zone project plan as well as a financing plan. And we have the authority to pledge debt from the increment fund for a security for bonds. We establish a board of directors which for us has been the city council as a separate board. Key fund many tally to the tax increment financing is a comment of the but for test. So again, this is to reiterate, but for the tif expenditure, the expenditures that you will be putting in in the case of a capital project, the economic development or the project would not have occurred. From private investment. It's a way of safeguarding and protecting the local revenue sources. The city does have financial policies around the tax increment financing. We have been very conservative about that overtime. We have three major tifs that we have in place and I think it's -- we've benefit from that conservative approach. We have to look at the considerations when we do that. We do a lot of forecasting and looking about the timing of both the market and what the value will be from the development itself and the infrastructure itself. And again, if there's a decline in assessed valuation, the increment does not exist. And this is just a graphic that we've used several times just to kind of bring together a couple of concepts. The idea of the but-for scenario as it's impacting the existing tax base with the value capture and how there are impacts on the tax rate. You have a case in point where I would say something like waller creek where we took 28 acres out of the floodplain that would not have happened but-for the

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project, you are in a pure but-for scenario where that tax revenue can go back in to pay for opportunity. This lays you through, at some point you get to point where the project is really just getting on and the project is not increasing anything above the existing tax base. So you would have a more -- a larger impact on the effective tax rate and overall general fund tax rate. This is one of our fun graphics we've used in the past and it's in the long version of the tif powerpoint that we've had and we'll get out for you. So I think I could maybe sweep right into waller creek financing since it's tied to this. If it's appropriate. >> Mayor Adler: Mayor pro tem, did you want to ask a question? >> Tovo: I have a few questions. I'm happy to do them now or after the next segment? >> Perhaps if I get through the waller creek because I think I may be able to talk about the project as examples. So waller creek we do have an existing tax increment. There again I've used them interchangeably, the tif and the tax reinvestment zone. This was created in 2007 to fund the construction of the waller creek tunnel. It was amended in 2011 and it expires in 2028. And this is important because we'll come to that. It's a key part of our initial financing framework. We do have existing boundaries that you can see there on the map. What's unique about this tax increment reinvestment zone is that the city contributes 100% and the county participates 50%. We manage the zone, they send us the property tax revenue and what we've done with that revenue stream is we've issued \$106 million of debt that was used to fund the tunnel project. At the time the tunnel was moving forward in planning and moving forward, the community, the city council at that time came together and there was a formation of the waller creek conservancy that was done in 2010.

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I think this has been a key catalyst to moving forward the vision of having the linear parks that really ties back to the downtown Austin plan, the idea of a green necklace of parks. This conservancy, it's a public-private or public-public partnership with the city of Austin. In 2012 the conservancy led an effort in international design competition that led to the waller creek design plan that was adopted by city council in 2013. Their vision is committed to creating the parks and trails accessible to all austinites for a diverse and vibrant community. And there's been a lot of work going on in that effort. Just some highlights of what the vision is, as we said it's a chain of parks stretching from Waterloo park all the way to the outlet structure in lady bird lake. It's a network of trails with over three miles, three miles of trails accessible for all ages. We would look at both improving existing parks along there. That would include palm park as well as creation of new parks along this chain of parks into world class parks again that could be utilized for our entire community. At the same time we look at congressional legislation he is errortation of the -- ecological restoration of the creek and looking at the different lands. We know

there are other examples around the country that have occurred that are in this vein and I will say that I think proudly for Austin this effort is uniquely Austin. The design plan and the process that went through it has been -- the process itself has been benefited and I think we stand ready to be able to go forward and implement the design plan. We know that the park itself, this stretch of linear parks, again tying back to the downtown Austin plan, creates a set of

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community benefits. As we've mentioned, the environmental restoration project to open up the creek itself. I think we've all been down there. It's -- sometimes it's a challenge to get into that, so this helps unlock that -- unlock really the ecological benefits of that creek. And it's a chance for us, again, uniquely as Austin, to highlight all of our -- all the aspects of our culture, and that park can be a point for that, a lien that are park for that. And ultimately we know parks, whether there are existing parks, zilker park, neighborhood pocket parks, it does create community. We all gather in our parks. I know I spend a lot of times in parks with my children, so this is a chance to have a larger community park and this would be a space for that. Here are some images that I think many people have seen from palm parks to the refuge at eighth street, projects as these projects would get laid out over time. We also know that there's economic benefits associated with parks and this is the work that I'll kind of get through some additional work we have to do, but initial work, we've talked about the but-for on the tax increment reinvestment zone, the talk about take the 28 acres out of the floodplain and putting them back into a developable state. We also know that there is an impact on the park improvements themselves to the value. So what we're in the process of modeling now and we'll be able to complete later this fall, is really that second but-for of the impact of the parks themselves and how they can positively impact -- they would fund -- help fund the parks in collaboration with the conservancy and their fund-raising, but also to that idea of an investment in idea. And that again pays dividends. So there's the economic side of it. So this is the first part of the framework that we're going to lay out.

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And so you will see this throughout the powerpoint. We're going to put this in a blue color font to show you that we're at a point talking about the framework. So we laid out in the framework in the memo in July was that we believe we \$140 million in capital expenditures from the existing tax increment reinvestment zone. One way would be to extend the revenue collection from 2029 to 2041. As I mentioned, the tax increment reinvestment zone, the revenue is set to go through 2029 and that was really in partnership with the county. And at that point we would use the revenue at that point to pay off the debt over the remaining 11 years. The debt that is in place, we issued the debt in three different

traunchs. That all ends in 2041. So we would just extend the revenue collection, look at new debt issuance, but not extend the life of the debt term beyond 2041. We also look at expanding the boundaries west of Trinity. We think the impact of the tunnel and the park really goes beyond just right there at the site of the creek and that creates benefit for those businesses and communities and residences there that are -- will be benefit using from that. So the way the \$140 million worked that we laid out in the initial financing framework was \$110,000 for a match for the waller creek design plan this would be matched with the ongoing fund-raising efforts that the conservancy has in place. And the idea of the 110 million is a string of seven or eight or nine projects along the -- along the necklace of the parks. Each project would have a mix of fund-raising and tax increment financing so there would be a participate along

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each -- a partnership along each of them to move them forward. At the same time we recognize from the resolution, the council's desire to look at addressing homeless issues, homelessness issues and looking at new ways to invest in that important area. So this allows for \$30 million of capital for homeless initiatives. I will tie back -- these homeless initiatives from a capital perspective, the value -- again, as long as the improvement benefits the district, the improvements or the initiatives don't all need to be exactly in the district boundaries. So if there is an effort that will benefit the district, you can expend tif revenues outside the tif. So these could look at for homeless initiatives you're talking for things like additional shelters, temporary shelters to help address that. There is a mention back again on the idea of the two different ways of using tax increment financing. You can use the annual revenue stream to fund operations and maintenance. The issue again is that you have a slower growth in that annual value capture, but it is an option as we go through -- as the community has a discussion about how to best resource and plan around additional homeless funding. The other element of the financing framework at the direction -- the resolution asked us to look at the public improvement districts. Just as a reminder, we do have currently two public improvement districts, one for most of the CBD and actually across to the south central and the east sixth street pid. The idea that we have with the financing framework and we've had discussions with the downtown alliance knowing they are the key stakeholder is the idea of generating at least another million dollars from the assessments so that those landowners in the vicinity

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of the creek are also helping to pay for -- in this case for o&m of the creek and other needs in the tif zone. So we've had some discussions with Dee and his staff at daa, but that was to restate what was in

the initial financing framework. So where are we on our remaining tasks? What we've done is we now have our 2000 certified tax roll. We want to go back and update our projections. We will drill down more on the idea of the but-for for the linear park improvements and go back and recalculate our debt financing and see what we have. I do anticipate based on just some initial conversations we had that there might be some additional capacity for the homeless initiative beyond the \$30 million. So we'll keep looking at that and I don't have a number there, but I believe we'll be able to get it higher and that's the work we need to do over the next two months. And at the same time tying it back to -- as we work on again updating -- updating this would require an amendment to the existing tax increment reinvestment zone number 17, that requires a project zone and finance plan update. As we evaluate that we'll look at the evaluation of the operations and maintenance funds needed within the tif zone for a variety of cases. We believe we can get these tasks done by early November. We have staff working on that. So that gets me through waller creek. >> Tovo: Thank you. Thank you for all this work. I have a couple of relatively quick questions. I'm very supportive of extending the waller creek tif time frame as well as the geographic boundary piece. But I really want to understand how that money can be used. And so just to clarify, because I've had to answer this question a couple of times to the members of the public, you had given us a memo on July 6, 2017, and

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the geographic expansion of the waller creek tif is identified in the chart, this chart, as the expanded or new downtown tif. That's the geographic expansion. >> Correct. >> Tovo: So that's the funding that would be used for homelessness services and I want to thank waller creek conservancy because when I started meeting with them last year to talk about the tif, that was part of their plan. So thank you for looking -- for funding strategies that wouldn't just benefit the waller creek plan, but also the community generally. But I've had some initial conversations with you about how the tif funding can be used and how it can't be used. And I want to understand exactly -- exactly what kind of homelessness initiatives we could fund through that tif funding. And I've heard different -- slightly different interpretations here and there. It's my understanding we could do capital expenses related to temporary shelter. One of the I think real interests is in using this money for permanent supportive housing, which are permanent apartments, permanent housing that includes case management and support services. Can we use tif money for housing more generally? The kind of housing I'm describing. Or is it just for temporary shelter? >> I'll begin this answer and Lela can come up if I don't get it right. So we have the -- the city can only use voted approved bonds for affordable housing. That is considered economic development. And so when these -- why this would be tif revenue we would be issuing certificates of obligation beyond that so that would be considered non-voted debt. So the -- working with our law department and our practices in the certificates of obligation, non-voted debt for affordable housing is considered economic development. >> Tovo: So I just want to make sure that we all understand that because I

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was not excited to hear that. I think again -- while we certainly probably have a need for more temporary shelter and some other capital expenses related to the needs of those experiencing homelessness, one of our real pressing needs is for housing for permanent supportive housing, affordable housing, other kinds of housing. And it sounds like we're getting the answer back that we could not use this tif money for those needs. >> And this is Lela fireside. As the bond lawyers say, this depends. We have to work with them as we go to issue debt and we are limited in what the attorney general's office will approve. So the attorney general's office has been very clear that affordable housing is considered to be economic development. We clearly have the authority to do that, but only with voter approved debt if it's backed by property taxes. So to the extent that this would be non-voter approved debt backed by property taxes, then we couldn't issue that type of debt for that particular use. >> Tovo: I guess you said it would be somewhat limited in the first year or two? >> It would be somewhat limited. That being said, I do, as we take -- I want to come back to this one slide because I think it's important, it's kind of a new -- [indiscernible]. This idea of the additional but-for increment of the park. And I think as we go through these next two months and update our projections, as I mentioned on the slide, one of the things that we want to redouble our effort is looking at the idea of o&m costs and how much revenue can be generated. You have a mix in play

[11:24:46 AM]

between the revenue stream and the revenue stream is the revenue stream and then the modeling has to model out what is going to be used to support a debt payment and what can be used to o&m. So we can toggle between the two of those and that's an effort that we were going to be doing so we can come back I think and add some more details to your question about how much o&m revenue we actually could generate. And would that be enough to move the needle, for example, for case workers or for other o&m issues that we know is a major need. >> Tovo: And if we keep in mind some of the innovative thinking that's been going on around aid and the city of costs and service agreements and see if we can apply that to this so that we can capture \$30 million that could be used. It seems we'll have an impediment doing with the way it's presented here today as a tif. So again, I think that's probably a conversation that we need some legal counsel on in executive session, but that's -- it seems to me we don't have a solution at the moment with regard to this that gets the money -- anyway, I'm quite interested in it, as I said. I'm supportive of the geographic expansion, but I really want to figure out how we can capture that 30 million for housing and what we're hearing isn't really quite here. I appreciate, through no fault of your own. Thank you but for all your work on this.

[11:26:49 AM]

>> Kitchen: I think this is a very interesting idea and I've always been supportive of waller creek and we have to find innovative ways to finance our issues related to homelessness. Just a couple of follow-up questions for Ms. Fireside, I think, that with regard to the limitation on our ability to use these funds for affordable housing. I would just ask -- if you've already done this, just point me to it. But I would like an understanding of the legal analysis that supports the interpretation that we could not use these kinds of funds for affordable housing. I understand the basis of what you're saying. It's just helpful to me if I see it in a memo that just explains where the requirement is coming from that affordable housing with voter approved debt backed by property tax is what we're limited to. So if you could just supply me with a memo that explains the legal sources for that interpretation or if you've already done that, just point me to it. >> Yes. I would be happy to do that. We have prior memos from bond counsel. >> Kitchen: Okay. And I'd also like to understand to the extent that those prior memos don't help us with that, what are the limitations? What's the definition of of affordable housing, for example, what's the difference between shelter and housing that's the distinction between these lines, that sort of thing? And I agree with the mayor pro tem. This is probably a longer discussion that we may need to have, but I'd like some more basic information within the legal perspective and then we can dig into that with you. And a question for Mr. Canally. I think I'm understanding that what you're saying is that at the end of the current time frame for this tif, which is 2029, we could just extend it to 2041 and

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that would generate an additional 140 million. Am I understanding that correct? >> 140 million in capital proceeds, yes, of debt. >> Kitchen: That is not needed to pay off past debtor anything like that. Okay. So can you help me understand the -- what are the parameters or what is the -- what's driving the allocation there between 110 and 30. >> I think in working with the conservancy, this conversation a year ago as they were taking a design plan that was implemented by council, certainly -- I would say there's still a lot to kind of work through on specifics. Again, I think one of the ideas is that the city manager and I talked about is the idea that it wouldn't be a lump sum of money upfront. It would be -- a project by project. We have a project by project opportunity and I think that really helps by laying out the debt and how we handle those debt issuances. So there's an intrinsic value in that as well. >> Kitchen: So I think you mentioned earlier that there's more work to be done to think about the timing or we wouldn't get \$40 million from day one. That would be spread out to the time period to the best of our ability to project. So is that -- that's additional work to be done in terms of that or do you need to point me to a backup where I can -- >> No.

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It's a great clarifying question in regard to that. Kind of the inherent theory behind the tax increment financing zone is you are taking this future revenue and converting it to kind of a present value lump sum that can you invest. So we would play the same thing to all of that -- that 140-million-dollar bucket for us we certainly want to analyze and if that bucket can grow. In a financially conservative way of looking at the growth. But like we did on the \$106 million for the tunnel,, we have appropriations in place. This is no different than your capital budget. We have appropriations in place that will give us -- once you authorize that it gives you the ability to spend. Then we issue our debt in a timely manner from a cash flow perspective. But the idea is all of those funds would be accelerated to the front end of that project so in the early years, the first two to five years we'll be look at getting those funds in place both the appropriations side and then with the debt issuance side itself because that again is that inherent theory. You're bringing that revenue forward to make the investment in present day dollars. >> Kitchen: Okay. So the do we have a breakdown somewhere that I just haven't seen of the time frame over those two to five years? In other words, on the dollars for homelessness would we get X amount in each year or do we have that level of detail estimated so far? >> Councilmember, we don't and that is the work we would do, again, if -- again, we are here as I say to reaffirm our support for this tif expansion. So with that direction we would have to do two things, update the project plan and the financing plan and you would see that breakout in those two documents that are a necessity to update the tax increment financing zone. So that is work that we will have to work on. That's the work of the next

[11:32:52 AM]

couple of months. >> Kitchen: And my last question. My last question is what is the city's option if an additional 140 million is not generated? So I think I had heard that we had some issues with the amount being actually generated on the tunnel and that we had to issue additional taxing, is that right or not? >> I would say that is a -- the history of the tunnel project is like the tunnel, a deep history. Is the as part of the original venue of the bonds, the 1998 bonds that funded both the convention center expansion, the north side, for some of us is the expansion still, and the venue that the original projection was for \$25 million. I think we quickly realized then that that wasn't going to be done and at that point the idea of the tax increment reinvestment zone with the county came about to do a full project analysis. I think I would argue that was a lesson learned from a previous bond election how you enter a bond election with kind of a balance individual and original -- that was the original idea of the waller creek tunnel was part of a venue project. We issued \$25 million of debt in 1999 for. And those funds did go to elements, fund elements of the construction of that tunnel, and then the rest of the other elements of the non-venue piece was funded by the -8z \$06 million of debt issued by the tax increment financing revenue. >>

Kitchen: So what are the options for the city. If we project 140 million that we will generate through this financing, and then we basically do our

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financing based on that assumption. What are the options for the city if we don't generate that much? >> So a few things. There's a very rigorous process set up to come back. It's not a wave of a wand. We have to go through and -- we started that exercise on updating projections. We do a complimentary project plan. There's a validation of that. We do sensitivity analysis on that. But ultimately what we look at, again, we would not -- we would not come in the day after the approval of the extension, issue all that debt at once. Not unlike our new mobility bonds, we did not issue all \$720 million. That's a cash management process. We want to make sure that -- we don't want to be sitting on too much extra debt cash that we have to pay arbitrage on. So we would approach it the same way. We would look at cash flows. We would put those to the project plan. And the cash flows, ultimately the cash flows have to dictate the project plan in terms of what we can afford. We do have some flexibility in terms of the resolutions, but that is an exercise that we will go through. We do think that this is a very -- it is the right tool to continue on using for this project. It is really a generational project to get this completed. And we think it is owes owe to naturally extend that -- -- to naturally extend that. And what we've talked about I think is key. When we issued that debt, kind of a very microdecision that we made early on when we knew we were issuing the three years of debt was to not -- not issue them each as 30-year debt. Or to make sure that they all -- so we issued over three tranches and they all ended at the same time. We thought that was just a

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good financial practice. So we want to live within the boundaries of that debt. There would be another tranche, but it would be a 12 or 13 why 13 year note because we want to extend it in 2041. We do not want to extend the dividend beyond 2041. >> Mayor Adler: Ms. Pool? >> Pool: I had a question on 27 where you had the two downtown public improvement districts. How do they interface? The folks in sixth street do they pay twice or is that subtracted out from the larger one? >> They pay twice. And I apologize I don't have all my notes in front of me. But I know that there are different assessments. The downtown pid is assessed beyond 500,000, ten cents above 500,000. Everything above 500,000. And I think the east sixth street is below \$500,000. So I'll get you all that data. They do intersect obviously geographically, but I can get you the information on the operational -- the mechanics of how they work. >> Pool: Okay. Then when you were talking about the tifs and so forth, the tif snags the increment revenue that's gained and directs it toward in this case waller creek and that's what the tifs are for. Now

I guess I'm going to slide 28. >> Sure. >> Pool: And I'm -- I'm generally supportive of the -- obviously of the work that's happening at Waller Creek too, and was supportive in putting the TIF on originally in order to capture that revenue and direct it specifically to that work, which I thought was important. But in listening to the conversation about the 140 million and how it would be used, do we have to have a TIF to get that revenue

[11:38:56 AM]

increment. Wouldn't the city get it whether the TIF was in place or not? The TIF simply corrals it and directs it in a specific direction, right, as opposed to it simply flowing into general revenue. >> I think from a project planning perspective, the tax increment reinvestment act, because it creates a separate board and creates a separate set of actions and in fact there's also an LGC set up, I think it gives some certainty having a TIF in place, gives a certainty that the project will get -- the project will be completed and it won't be subject to the annual discussions that happen, which is similar with how we did Mueller and then Seaholm as well. So there's that certainty element that is important so you can in this case Waller Creek can use that to make sure there's a fund-raising effort, which again is key for us. It also has - I'll have to get some more details. I think it actually has some benefit in the way we calculate our tax rate in terms of the calculation on how we calculate our effective tax rate and how it gets counted. It's a different part of the calculation so we can get that to you. There's a couple of elements why we believe that the tax increment is -- again, we have been as a city collectively everyone involved in the city working on these have been, I think, cautious and conservative about when we use them, but when we do use them, I think they're being used to satisfy that but-for, they satisfy that but-for argument and there are it gives you the ability to fund the project with certainty. Let me follow up with some of those details on that for you. >> Pool: That would be

[11:40:56 AM]

good. Then the question becomes is there a different amount of money. Are we able to leverage the ten cents to get that revenue that we otherwise would not be gaining if there was not an expanded -- >> So now you're talking on the PID side, right? >> Pool: Well, either one. So where they -- and probably that's true. But it also reflects trying to understand how those different improvement districts and increment financing systems work and whether they interrelate. >> So the TIF would be separate from the PID. I think the one way it interacts is you would see with these additional but-fors that are happening with both the tunnel and part of the analysis is that the tunnel is doing the projections on the tunnel are coming in, but as we see new land, new development occurring, kind of giving back to the original conversation about the downtown values. The values that the PID is collecting on that ten cents because

the baseline values are going up because of this as well so the pid is seeing additional revenue because of the investment as well. I think that's -- I'm still -- I misspoke here. You got a training on pids that we probably didn't need to go into. >> Pool: I was talking about the tif. Can we bond against tif revenues? >> Yes. >> I wanted to point out one other advantage of the tif financing versus a straight-up general obligation bond is with the tif financing we have a project plan and a financing plan. We then have the ability to go to Travis county as we did with the waller creek tif to ask them if they would participate and allow their incremental tax revenue to be designated for

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the project. So that is an advantage that would increase if they agreed, which they did in this case, increases your debt capacity. So that's a nuance that allows you greater debt capacity on a active over a straight financing. >> Pool: And that's also why tifs in Austin are fairly new, maybe 15 years, because I remember talking with commissioners' court -- commissioners of -- Travis county commissioners' court about their reluctance to join Austin in tiffing some downtown properties before these were down because they have to for go the revenue. >> Which I think that again comes back to I think in each of our tifs we have seen the but-for argument been meant and this is another one as well. I'll say the projections today you do not assume the county participation. These are city of Austin only revenue extreme. >> Pool: Let me ask one last follow-up did she on that. Do we have that without the other taxing jurisdiction's participation? >> Mayor Adler: Mayor pro tem. >> Tovo: Sorry to take us backwards. I know Ms. Fireside is going to get us more information in response to councilmember kitchen's question, but maybe you have the answer to this right now because of the time constraints and whatnot, if you have the information I'd love it today. So was it the federal case, keylow, I've forgotten against who, who had it in terms of economic development. And in terms of extend the economic development to housing, it's not just an attorney general opinion here in Texas, but it's other kinds of law in place that speaks to that. >> You have -- councilmember, Lela fireside. You have blended together a plethora of different pieces

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that would piece out -- the first thank you mentioned relates to the takings issue which is separate from -- >> Tovo: Okay. Thank you. >> But economic development, there are a couple of different pieces to that. So the Texas constitution prohibits government from giving a gift of government resources. However, it does allow for economic development. Okay. That was an amendment to the Texas constitution. And chapter 380 is the state law that authorizes those economic development projects. That's the general basic framework that gives authority to cities to do economic development projects.

That is separate from a more narrow discussion of what types of funding can be used to back bonds that are approved by the Texas attorney general's office. And the Texas attorney general's office has to approve all of our public financing. And so we go to them and say can we issue this type of debt for this type of project. And what they have said is only property -- if you're going to do property tax backed debt, that has to be approved by the voters if you're using that for economic development. And they have said cities have the authority to do affordable housing, but that is considered economic development. And if you're going to be issuing public financing for that you have to do it through voter approved debt. >> Tovo: Okay. Thank you, that's helpful. >> To add to that, mayor pro tem, which is why back in

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2000, in -- in 2005, in the lead up to the 2006 bond election, we for the first time included affordable housing in our bond program and we're the first in Texas to do that. Somewhat based on that reference that we need to get more funding into that. We've now had an experience of using voter approved bonds for our affordable housing program. >> Tovo: Thank you. Thanks for that additional clarification. That helps me sort of frame it in my head so if there is a different solution there, kind of a tax swap, a tif funding swap with the waller creek conservancy to be done then we can start thinking along those lines. >> Mayor Adler: Councilmember alter. >> Alter: Thank you. Some of my questions have been asked, but I do have some kind of clarification questions. So slide 26 the 140 million is over how many years? >> 140 million we would begin issuing debt -- let me do my math here. We would issue another round of debt and it would end in 2041. So if we started issuing it next year you're talking -- >> Alter: Over 20 years. >> I should be better with simple arithmetic. I'm not good with calculus either. The idea would be 2041 because I think the original bonds were issued as 30 years so it would be the same thing. Twenty-four year debt. Twenty-four, 22. Back to councilmember kitchen's question about the flowing of the overall financial model and the project model that we would put in place, but that's what we do. Again, we're stopping at 2041. >> Alter: So that's over 20 something years that 140 million. But the 1 million on page 47 from the pid would be on an annual basis? >> Yes, thank you. That would be an annual assessment. That would be additional -- again, I think we can get to

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that a variety of ways. We've been talking to daa about that. Certainly we feel that, as I mentioned, councilmember pool's question about the but-for or the pid itself will see rising values as well and so that's one way to get it. There are other ways as well. So that is an annual payment, thank you. >> Alter: And if we go to slide 25, please. So the blue line has growth that would have otherwise happened in the

property tax valuations absent the investment that the tif would be facilitating, correct? So it's still going on up, so we're assuming some sort of growth rate on the base property of what we would have otherwise have seen without further investment? >> This is that kind of -- in practicality what occurs is that you freeze the base year that you do. So for example, we already have a base year in place for the waller creek tif. I think it's at 2007. So that base year is frozen at whatever that value is in that zone. In the case of this expansion geographically out to Trinity street, we would -- it would be the same tax increment reinvestment zone, it would just have two pieces to it, and the piece for the expansion would have a new that we would again recommend a move forward on that and capture that this year for -- 2017 would be the base year and all revenue -- so if the value of that is \$100 and next year it's \$105, you're capturing that five dollars of value and applying it to your tax rate and that \$100 would stay constant throughout 2041 and at 2041 that all goes back into the general revenue. >> Alter: So if it's frozen why is the blue line angled? >> So it's a kind of mixture that we would be -- it's trying to get at a resetting

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of the constant one and the new one. The idea here was to -- >> Alter: Normally with a tif if it didn't have that complication it would be flat as in the prior diagram? >> Exactly. I was trying to illustrate the concept of it. >> Alter: So there are then two parts of the tif part above that in the shaded area. There would be the part that would be coming only because you had that investment, so we wouldn't have certain benefits to our tax assessments without that assessment, which is only enabled because of the tif, but then there's a portion where we would expect property values in the downtown area to go up normally that we are no longer putting into our general fund? >> That would be the case. Now, where the way you can toggle that is on the percentage that you said. So we're setting -- this is based on 100% so a way to if the discussion is to lower that 100% then some of that revenue would flow back into the general revenue so that is certainly a toggle that we could look at. >> Alter: So we're kind of doing this. You modeled it as if we're putting the entire increment that would be going into the bonding capacity, but we would have an option then to say we want some of that to go into general. >> You do that through how you set the percentage. Again, we -- because of our overall use of tifs, some other cities use them much more extensively. That -- again, our recommendation is based on keeping that at 100%, but that's certainly math that we can run. >> Alter: But if we had some in general fund we wouldn't be able to solve the general supportive housing in general because that would be revenue backed by property tax so we would have to require a referendum? >> Yes. >> Alter: So >> Alter: help me understand, again, I know the city manager kind of addressed this but I just want to make sure that I'm clear on it. What is the advantage of

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doing it through the tif investor through general obligation because it seems like we could -- if we wanted to put this to a vote, I'm not saying we do, but if we wanted to, we could go to general obligation bonds and accomplish the same thing, so what is the advantage of doing it under the tif? >> Again, I think the advantages are you have -- you have a separate -- you have a separate action and ordinance that creates a tax increment reinvestment zone, which we already have, you can have a project plan and financing plan around a specific project in a time manner -- in a timely manner that works for the overall project. And, again, we haven't -- we don't use them extensively, and so when we have used them we've been conservative about that. We think it's a good practice, it's a long-term practice to have that construct in place so that there is a -- there is a planned approach to -- because this is a -- it is a large project, and I think to undertake a large project in essence we need to -- our recommendation is to get it set. >> Alter: So then what -- >> And the tif mechanism, the ters mechanism allows us to set that. >> Alter: Set that process. >> Set the process in place, the financial planning, project planning and there is -- I think there's an inherent value to that. >> Alter: I would hope we do that for our general obligation bonds as well, but for the way that you were laying out the project you were suggesting that it would be in smaller pieces. I'm trying to understand, again, going back to councilmember kitchen's question about the risk that's involved, so we're saying that this tif would generate \$140 million, we're setting out to spend \$140 million. What if it doesn't yield that? Who bears that risk, and how are we planning for that in the way that you're thinking about how we would develop the projects and the financial policy?

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>> Again, I think part of that work in the next several months is to go through kind of the sequencing issue, from a projecting perspective, from the conservancy's perspective, from a fund-raising plan, fund-raising effort and how we would, again, come up with that matching plan. The value of that is not only I think that is -- you can't turn around one day and begin all \$140 million worth of the -- actually, it's more than that, over 200 million, 250 dollars of projects. You want to sequence them for a variety of reasons so that's one element that we have, is that we'd have a plan were we would have an original project plan about when we're issuing that debt and be able to validate that with the property tax revenue coming in, similar to how we did the original waller creek tunnel tif, made sure the revenue was coming in enough and issued the debt in tranches so we'd apply that same methodology. This is not turning around, issuing that debt all at once and waiting to see what happens. We put conservative projections in and we would issue them in small bite sizes to help mitigate that risk. >> Alter: Unlike the tunnel if you're building a park -- with the tunnel you had to kind of backfill the rest of the overage or the tunnel didn't get built. With a park you could do it in pieces in a way that we weren't able to do it for the tunnel. >> Yes. >> Alter: So the risks are bigger with the tunnel than they are -- >> Once you went underground you were underground and you wanted to get it done. In this case the parks, right, it is

going back to the language both in the downtown Austin plan, in the waller creek design plan, this is a necklace of parks. It's not one park. It's a necklace of parks and trail systems. And I think from a pure project management perspective, they have to be approached like that. A vision, but they need to be approached by a series of projects. I think that benefits our cash flowing modeling and our ability to mitigate any risk about property tax fluctuations. >> Alter: I guess what I'm trying to understand is the risk of a repeat of what we saw with the tunnel and

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having to do more. >> I would -- I would -- I don't know that that is the -- I don't know that that is the same analogy going back to the '90s, again, when that \$25 million number was thrown out there. I think there's a deeper history there. What I would say is because it's not one main product -- project, we have the -- I think we have the ability of time to be much more thorough about each project and the cost of that. So it is a benefit, I think, as you're suggesting. >> Alter: Yes. Thank you. >> Houston: Thank you, mayor. I have a question for you, Mr. Canally, but, Ms. Fireside, I have a question for you. Sorry. You talked about permanent supportive housing and affordable housing. What about the opportunity to do transitional housing? That would be -- could be temporary, but that would be a gap between living on the streets and being in permanent supportive housing. What does the law say about providing transitional housing? >> Councilmember, we have some memos from bond counsel relating to some scenarios, but each time we come up with a new and creative way to look at it, we need to run it by bond counsel, and then he has the conversation with the attorney general's office about it. So we can look at that and see where he lands -- where in those conversations for the different types of resources that you all have thinking about. >> Houston: Thank you. If you would add -- I heard you say temporary housing, but traditionally we call that transitional from -- you know, up to permanent supportive housing. >> Sure, yes, ma'am. >> Houston: So I would appreciate adding that in. I think you got the -- you win the award for saying plethora in a sentence here for the first time. I loved it. [Laughter] And then, thank you.

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Mr. Canally, you kind -- on page 26, you kind of talked about the expansion of the waller creek tax increment finance district to Trinity, but could you describe where the other boundaries are for us? Because you didn't describe and it's kind of hard to see. >> I could. I apologize. So we would go the expanded west of Trinity and north to 15th street and then capture from I-35, below the existing tif area, down to I-35, I think that -- in that area down there, so yes. >> Houston: So on the I-35, is that in the middle of I-35 or did you expand it all the way over to the property on the east side of I-35? That's

the concern. I can't tell where the boundary is on the east side of I-35. >> I want to validate that and see where we have it, where we have it modeled. It may -- it looks like it goes straight to the -- to the -- to the -- let's see, to the east side of the roadway, to the right-of-way, but not onto the property side. >> Houston: Could you -- >> Yes, ma'am. >> Houston: -- Validate that for me as well? Then I -- my last question is, if we do this, what is the impact to the general fund during the 20 to 25 years while the tif is in play? >> I can get you all that in terms of certainly -- I think there's a nuanced answer to that, is we believe and our projections show that there is revenue that would be coming in that would not be coming in if we don't do this project. So we need to split off for you to show you what that revenue stream is over that 25-year period. It is -- because of the way we freeze it, you do the -- it requires you to freeze the current base level. There would be some revenue that will -- that otherwise would have gone into the general fund and the debt side would be -- would be going there, but that's just

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a mechanical issue about how the ters is set up. But we can work on that point I think that's something - -aways these numbers are preliminary I think as we would come back and provide further updates we would lay out those details that annual cash flow year by year by year because it's a requirement actually for us to get our financing plan in place. >> Houston: Thank you. And he wins at ward for using tranche three times today. [Laughter] >> Leela and I have a competition for -- oh, I'm done. You cut me off at three? I have a new word. I'll come up with a new word. >> Kitchen: I have a few follow-up -- >> Hanging out with bond guys too much, I guess. >> Mayor Adler: I never use that word anymore. Ever. [Laughter] >> Kitchen: I think my questions won't require you to saw tranche, but we'll see. >> I think that was a challenge. >> Kitchen: Okay. So -- and thank you, councilmember Houston, for asking about transitional housing. That's an important question. I want to go back and follow up a bit on councilmember alter's question because now I'm curious. And that goes back to the allocation at 100%, you know, what she was talking about before, you know -- that the increase would be -- some of it we would normally have, some of it would be because of the increased investments and that the discussion we just had about this modeling assumes that 100% would go into the tif, whereas you could vary that hundred%. >> Right. >> Kitchen: Okay. So my question is I wanted to follow up on our questions around the -- that line between what -- what you could use the homeless dollars for, perhaps it's a line between transitional housing and permanent supportive housing, wherever that line falls legally. So I'm just curious if y'all could do a little more investigation and help us

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understand that if we bury where we set the one -- vary where we set the hundred percent, which would vary the dollars that would actually come into the general fund, if that could be done in such a way which would provide us more flexibility on how we spend those dollars on homeless initiatives. So I hear what you're saying, likely there's no additional flexibility, but I'm not sure, and so I would just like to ask you guys to take a look at that. Because I know there is a difference between what we can spend in the general fund on homelessness versus what we might be able to spend under a tif and the types of spending. So I would just like y'all to do a little more analysis and help us understand. If there's no difference or if there is some difference. >> Certainly. Again, I would say -- and I think these conversations, again, that have happened really since we put this out in July, that idea of -- and, leela and the law department have been very helpful in trying to find that line about looking at homeless initiatives. I'll say this, from a -- the tif itself, whether it's in the tif or the general fund, the flexibility using it is the same. We can use it for homeless initiatives. We could use it for case management systems. >> Kitchen: Okay. >> The restriction comes on the debt side. >> Kitchen: Okay. >> And the debt side is in both -- whether we issued -- >> Kitchen: Oh, I see. >> Cos out of our debt service rate or issued cos out of our -- certificates of obligation, I apologize, won't say tranche, certificates of obligation backed by the annual tif revenue. We still have these legal considerations. >> Kitchen: Okay. >> That being said, I think we hear you about making sure we can look at ways of evolving and making sure that we can -- the letter of the law but if we can look at ways of transitional housing and that sort of thing so we'll capture all that four. >> Kitchen: Okay. The second question then -- and I think you just confirmed it, was that any kind of debt, including

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certificates of obligation, have to be approved by the attorney general as you -- attorney general's office? Every time we submit a co we run that through the attorney general's office? >> Yes, councilmember. That's correct. >> Kitchen: It's the individual cos that we run through, not categories. >> It's not just certificates of obligation. It's any type of public financing that we issue has to go to the attorney general's office to get approval and that we have the lawful authority to do it and they look at it very narrowly as they do for everybody. It's not just us. And then they authorize those bonds to be issued. >> Kitchen: So and they have to -- but if they're not bonds -- public financing, contractual obligations, certificates of obligation, general obligation bonds H, refunding bonds, bonds that are tax notes, all of those different types of things all have to go to the attorney general's office to get approval. >> Kitchen: Okay. Then you have a little bit different question, and that has to do back on the expansion of the -- of the geographic area. So I'm also seeing it going up to 15th. Is that right? >> Yeah. >> Kitchen: So that takes into -- does that take in some of the central health property? >> That would capture that property. >> Kitchen: Okay. So what would that mean to them, in terms of the dollars that are available to them right now? >> So in terms of -- as central health goes through their process, my understanding is they have -- they're going through a redevelopment process right now. >> Kitchen: Right. >> And so if that land converted into private land or, however, they would structure their deal, like any otherland

landowner in the tif, you pay your properties. >> Kitchen: Right. >> It doesn't change their -- you get your property tax bill, you're not writing a property tax

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bill out to the reinvestment zone, you're writing it to the property assessor. It wouldn't say that at all, just that property tax revenue -- the city property tax revenue generated from that site, whatever that may be, is -- would flow into this proposed tax increment reinvestment zone. The county, aid, central health district would still collect their own tax revenue. >> Kitchen: Okay. Just wanted to confirm. I thought that was the case, but just wanting to confirm that there's really no impact to central health. >> Yes, ma'am. >> Kitchen: Okay. >> Mayor Adler: Okay. Anything else before we go on? Mr. Casar. >> Casar: You were going to escape without a question from me until we got to that one. The one change it would make, since that is slated for coming on to the tax rolls with private development, that would change the dedication of that funding from our resolution to the affordable housing trust fund to this? >> We would have to -- >> Casar: Considering that's publicly owned land slated for private development. So currently I know that we aren't -- haven't quite gotten there the last couple of budgets, to my chagrin and those of some others, but we -- right now that funding is dedicated to the trust fund? >> We would have to address that. >> Casar: Or if we wanted to do a tax abatement. >> We will duly note that as we proceed along or pursue it, but, yes, I agree. >> Casar: Okay. It sounds like some of the questions that are recurring here have to do with your diagram slide, slide 19. How separate are those bubbles, where are they overlapping. As much help as we can get understanding that nuance I think seems to be -- the ag thing is just prickly and I wish we didn't have that restriction, but then, second, it seems like it just comes down to those -- the overlapping diagram so we can best understand what the opportunities and opportunity costs are so the more y'all can help us advise on that, I think

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that's at the heart of a lot of our questions. >> Absolutely. >> Mayor Adler: Why don't you go ahead and proceed. >> Okay. Now on to the easy part of the presentation. Talk about the convention center, other main element of our puzzle document. So let me fast forward here and make sure I'm in the right part. Okay. There we go. So part of this -- part of what we put together for you today is to go through our initial financing framework, but we -- again, as I said up front we recognize there's been questions and dialogue about the convention center expansion, as we said, we've been through a process, going back to the master plan that recommended an expansion and a task force that recommended expansion. So but questions have popped up so we're also going to attempt to try to address some of the questions and, again, perhaps not all of them but at least foundationally some of them. So this has been a valuable

exercise for me as well to go through. We had questions about how the convention center as a business works, kind of in layman's terms and this is our tact on getting, that kind of some basics about the convention center business. One, conventions and the block rooms, they're typically scheduled three to five years in advance. These are sometimes long lead items that come in and the contracts and rates are set in and they do have escalating clauses in them but they are contracts that are put in place. For example, I know one, we're part of the government finance officers association, which is a large, you know, all the finance people get together and, you know, have a lot of craziness. We -- I was excited. I was on one of the national steering committees for that, and they were going through a selection process to get Austin on the map,

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and we worked hard. You know, I made sure I called people to say let's come to Austin. And they booked that. It's coming in 2022, I believe, and they booked that -- and they booked it two years ago. So there's a long lead time. These are big events to put on and plan. So that was kind of my understanding of how that works. And the other thing is we know that about 25-30% of the annual business that comes in year in on the convention -- these are the conventioners, because we do have annual customer shows that come in, but that's annual recurring and there's another trend counseling back every two years, especially things tied around the slaughter. So there is a recurring business model on that. We had some questions about -- we do have hotels coming up, and they have -- we've all been to ball rooms for events, they have break-out rooms. Putting on my Hilton hat, convention enterprises markets we do, and it's a -- enterprises hat, we do and that's a valuable part of the hotel. These events are on different scales. When you have lunch and you have break-out rooms, bringing in 756,000, 7,000 conventioners, they're not in direct competition with either other when it comes to -- especially the hotels do not have exhibit space, and exhibit space is an important part of this large convention that's come in because the people running the conventions also have this exhibit space so vendors and everything else that comes in to support the overall process. Another thing that we do is we do look at I think -- mark tester and his crowd work with lots of folks to make sure that the coordination of calendar, allowing the special events is occurring, whether that is UT football games, Austin city limits. There's certainly acknowledgment and I think our as I gets involved with that. So I think there's a lot of

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collaboration. We know -- certainly we see those things pop up even not at the convention center, but at palmer, when there's a lot of events going down at palmer there's a sequencing to make sure they are getting coordinated. Things to reiterate what mark said last week and was talked about, the rates are

not designed to cover all the operating costs, and I think that is the national model. I think the language used is loss leader but the goal is to get the visiting spending in, not only the hot but to support our local businesses in the vicinity but all of our downtown and outside of downtown. We know anecdotally -- wherein when I go into a convention sometimes I want to go off and find a different place to go and, you know, aft convention to do something -- after the convention to do something. So the way the city -- the convention center utilizes its hotel occupancy tax is first and foremost for debt service and it does help support the operations and maintenance and very critically -- and we'll spend time talking about this, the capital projects that are needed in a very -- in a basically -- we'll talk about this. It's a facility. You're selling your facility when you are -- when you're attracting conventions in. And so that has to be well maintained and viable throughout the life of the bonds and that is the expectation of the bondholders, that the convention center remains as a viable, functioning facility so that taxicab -- it can generate the necessary revenue. As a backdrop, questions about the reserves. And they're fundamental questions. So we have several reserves we want to show you. First we have operating reserves, per our financial policies you have 180 day operating reserve. You have the capital reserve to take care of any major things that happened and then on the debt suite side, these debt reserves are really dictated by our bond documents and we have our two outstanding debt series from 2008 and 2012, and they are the required debt reserves of about

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\$10.3 million for those debt. Oops. Flipping too fast. We touched on up front the idea of the capital investments that -- the need to continue to invest in facility. And it is one of the key factors that -- when they went through the master planning process, kind of the -- looking at the overall several different elements of -- about the convention center business, that the facility was the number 1 to attend to. And so as we said as the bondholder expectation is to continue to upkeep that investment. Over the course of a five year cip plan, the convention center, like other major enterprises, have a lot of repairs to do. It's a convention center, doing structural repairs, on the garage, looking at -- especially in this day and age, technology upgrades for fiberoptics and wi-fi, natural need to look at roof replacements, significant sound and lighting upgrades, flooring that we see and kind of the other equipment in the building building so that is built into the cip plan. So we wanted to show that to you. That was a question you've asked about where are we on our cip reserves because it does help influence our scenarios that have been talked about with an expansion. So I think we wanted to just get that out there so you could see it in a way that I think is hopefully clarifying. So what we've got is two things. We're going to -- we have to show you in two slides. The convention center side, which is the south side. And the venue side is north. They are different. The venue side was that 2% venue hot tax under chapter 334, and wept talk about a little bit here in a bit. So it is a separate -- we have to track those separately because it's a venue fund. So the convention center, the first fund is available funds, current funds that we have in essence appropriation that's unspent and we've also put in there the upcoming appropriation in the capital budget for the '18, proposed capital budget so we have about

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87 million on the convention center side. Of that there's \$62 million that is either project -- ongoing projects or planned projects within the five-year plan. Again, it gets back to that list. The same is view on the venue side, the north side of the building. It's \$40 million. There's -- my math is not working, six point -- dollars, obviously it's a newer facility so there's not as much, still significant and that will grow over time. The net is you have \$25 million on the convention center side, on the south side I'll use the language, and 33 million on the venue side. And what staff has said is those funds, again, for the model is what we've been talking about really since the master plan is those funds are available, have been kind of earmarked under the expansion recommendation to look at early debt repayment. And beyond that, there's also other projects beyond that, the five-year -- the Normal spend in the facility is about ten to \$12 million a year. So this also accounts for not all of that. It accounts for other projects that would be -- that you would have to continue to invest in. The Normal go and blow of that facility. So talk a little bit about the expansion financing. This is -- I think you have all -- everyone has seen the different kind of illustrations of how the hotel occupancy tax works, the different statutes. We just wanted to, as a backdrop, before we get into some of the numbers, just remind folks of that but there is a lot more information that has been put out through the task force and some of the work that Carla has been working on. So just kind of reminder, you have the four and a half% of the hotel occupancy tax tax, chapter 351, per the things we just talked about, convention center current allocations for debt, operations, and cip. Is the 2% additional, this is what we call the 2%

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additional chapter 351, which is what would allow for an expansion. I'll touch on that. And then there's the venue tax, the 1999 election for the venue tax over there at the convention center for the 2002 expansion, that's 2%. That is in place only until the current debt is paid off and then you have facility revenue that comes in each year. Turning now, taking the revenue into the expansion budget, the 2% additional -- allowable additional under chapter 351 has to be used for expansion of an existing convention center and that revenue generated from that, again, inherent to that is based on projections, underlying projections about hot tax coming up because of the additional space, provides for \$215 million. And then the 4.5% would allow for the -- the existing four-point five 5% by paying off the current debt would allow for additional capacity. So just to clarify that, that this 2% additional under 351 is not getting you the entire expansion project. There is an interplay between both of these funding sources and we're going to walk you through that. In addition, as I think everyone is kind of getting well verse understand, now the hot funding is available for -- we use part of it for cultural arts. It's also available for historic press variation up to 15% including if we added 7% to the existing 2% and music as

well. We can take music up to 15% of the additional 2% of that. And there's a reminder again the cultural arts funding is currently 15% of the 7%. So just lots of percentages, lots of numbers. You've seen them all before. We can fully expect that we have to -- if we have to clarify those, the 7% right

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now that we -- that we collect is for the 4.5 cents, the 1.05 for cultural arts and 1.45 for the tourism promotion. So just a backdrop, again, a lot of percentages and a lot of chapters from state law. So looking at the consideration, this is kind of regrouping the recommendation that you've heard from the convention center and from the task force, the criteria again. I want to tie that back to the need to invest in the facility. You look at hotels and the transportation and amenities, the master plan points that we're the oldest and smallest among our competitive sets and I think what we learned last week from mark we're not competing against the largest cities. We have our market. And that we are losing current customers, for example, the Dell conference. And then as our current ones grow we have the potential to lose some of that as well. And the age of the current building, as a facility, we need to continue to invest. You can see those large cap dollars we have planned in and we need to continue to attend to that. Then the projections indicate that we're recommending spending -- kind of provides overall optimal optimization of the overall convention center itself. So before I jump back over to the -- we've run some scenarios, I want to touch on the building block, again, the conversation you had with the visitor task force, just to -- kind of for the public, it is an improvement district authorized under a different state statute, 372 -- sorry, part of the same state statute. It is a multiyear assessment. There is a renewal option similar to the way we have our downtown P.I.D. And sixth street P.I.D., they're in five years. The assessment on certain hotel stays and then it sets up a percentage and a use of

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numbers. It does require city council approval as well as the hoteliers and then as I mentioned this was a recommendation of the visitor task force, which you have received. Element of the financial framework, again, I'll point back to this, included the growing of that tpid from 1% to 2%. It fluctuates over time and that the city -- what we've put in -- what we've put in the initial framework is that the city would take 40% of that 100% and that would generate -- again, it would fluctuate over time as you move between 1% and 2% but as high asinine .2 million in the last year and average of about 6.5 to \$7 million over the course of ten years. Now what we want to do for is you walk you through some different scenarios, all of which have been discussed via either the master plan or the -- or the -- or the visitor task force discussion that you had as well as the conversation with convention center. So we tried to figure out a way, there's lots of assumptions and moving parts and instead of put a bunch of words down we tried to

put it down in just kind of a simple chart. So I'll verbalize it. So scenario a includes -- basically does not include an expansion. It includes our continued cap investment in the existing north and south facilities. It does not include tourism promotion district. And it does not include the other area projects that have been discussed such as palm school and the other projects in the convention center area complex. Scenario B is what was presented as -- and I know we have lots of be labels. We're trying to simplify these labels at this point. What you heard originally as scenario 2b. 2b was an expansion project at approximately \$560 million and I'll just say that is a general project estimate. It's not a detailed line

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item in terms of what's in for plan and what's in -- for land and what's in for the roof. It is an estimate that came out of the master plan process. Scenario B also includes continuing to invest in the existing facility, the north and south side. Scenario B does include the tourism promotion district and scenario B does now add the ability for I think it was \$50 million for other area projects. Fifty -- 56 -- yeah, \$50 million for other area projects as we've talked about. Scenario C is a variation but I think it's new and deserves its separate -- a separate line. Again, as we mentioned on the front end, the expansion -- the expansion being recommended is also the visitor impact task force added I think a new element to that, which was the idea of doing it as a public private partnership, as a third party financing tool. We believe that the -- that the expansion recommendation would -- the preferred method would be under this scenario because of a variety of factors. One, I think we just had a successful transaction doing this for the first time in the city. So I think the market -- the marketplace understands that the city is entering into this with a success. We believe we can get the number down significantly into the \$400 million range. We believe that fundamentally what this does from a place making perspective is that it would allow for a mixed-use project that would leave the property tax revenue -- or piece of it. Obviously, our share of that would not be, but it would allow it to be part of a different look. We know the city of Seattle is in the process of doing

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something similar, but I think this would be an opportunity for Austin to somewhat reinvent how this business looks and feels from an environment and I think that's important for Austin. Scenario C also includes again the continued investment of the north and south side. So that is a common element. It includes the tourism promotion district and also this does allow for the elements. This next slide is almost -- it's this did kind of makes my head spin a little bit, but it's really an informational slide we want to get out there. A lot of questions about what chapter the -- what chapter of 351 or 334 we're using and these different types of other possible expenditures that we could use and what -- how many of the

cents they're using and how many percentages. So I really don't want to walk through this, but it's a backdrop to what we're gonna get to, but each scenario lays out for historic preservation the ability to generate funds for historic preservation. Under each of those three scenarios, they're just laid out what are -- what we're driving to from a scenario perspective is how much can each of those scenarios generate for historic preservation, music, homeless initiatives and other area projects, those four categories, for each of the scenarios that we laid out on the previous page. This slide shows you, for each of those, what chapter is being used, the assessment, and the sense and the percentages -- cents and percentages of the cents that you're using. They're different for each them as you move down. Again, scenario C you can see that we're using 351, we're using the tpid, the assessment goes up to 9%, music is at 2%, compared to zero, and then the homeless initiative under the tpid fluctuates from 1% to 2% and not associated with the hotel occupancy tax. Today is kind of fundamental

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background kind of wonky data stuff about the percentages but important. So now what I want to avail to you is the scenarios themselves about taking those assumptions that we laid out on the two slides prior and trying to look at the basket on historic -- impact on historic preservation, music, homeless initiatives and other projects. We've run them through one through ten and shown you a ten year total for each category. Scenario a generates a total of \$68 million and that would all be for historic preservation. Scenario B generates \$228 million for 67 million for historic preservation, \$36 million for music, 65 million for homeless initiatives vee the tpid and other area projects of 59 million. And then scenario C is, again, so just remind B is the original 2b, expansion project, \$560 million. Scenario C is the public-private partnership third party model which we believe we can lower the cost of from a capital perspective and you get to a overall \$323 million of total dollars. That is 162 million for historic, 36 million for music, the same 65 million for homeless initiatives coming from the tpid and \$59 million for other projects. Scenario C can have a multitude of, again, toggles on the percentages, so one of those could be we -- reran the model at taking historic preservation to 15%, and that's what generates the \$162 million. So you could also run it at 10%, and what that would do is obviously reduce the ten-year funding for historic preservation down to 108 million but that

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would then increase the -- for example, it would increase the other allowable area projects would go up by 50 million so you'd be at 109 million. So just to illustrate that there's a toggle between those two things, and I recognize I've probably said toggle now probably seven times so you can cut me off at toggle. So they are what we see, and I guess I wanted to kind of illustrate that -- again, that change

there. Again, 68 million for scenario a. It's a no expansion version, scenario B expansion at traditional 228 million in scenario C, 323 million with the recommended expansion. So here is our initial financing framework. The expanded convention center, this was as recommended by the convention -- the master plan, by the task force, and, again, it's utilizing this model and includes a tourism promotion district and, as I mentioned, it generates over \$300 million for these other initiatives listed here. Just two other elements that come from from this that weren't driving this, but as a result of the expansion under a p3 model, I think it provides a future opportunity. I think there's obviously a lot to discuss in the current -- in the current day, but for future opportunity, just to throw -- to help give you as much foundational 360 on this. So going back to the 2% hotel occupancy tax venue tax, chapter 334, that's the funds from 1999, as we've shown you -- I think that was a question about our paydown schedule and we wanted to show you how much funds we had for that paydown so we have that aggressive paydown of the debt. Reminder the venue funds can only be used in that defined venue area of the north expansion.

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What it does do it, allows the city and county flexibility on a new venue such as an expo center because the expo center relies on using chapter 334 venue. And in fact from the Travis county expo center market study that they did in 2016, they went through their own excise, and that exercise of the -- same thing, looking at how much they could afford, having to look at hot tax calculations, what they baked into their assumptions was this. Was that their report assumed the expansion of the convention center. In terms of the value -- revenue that would be generated of rooms throughout the community. Their own report referenced that as kind of a basic assumption. Just in a broader perspective, just to remind the city council, we are currently under task -- we're doing several things. You just heard earlier today from Christine and martin all the great work they're doing on colony park. But also when the parks department, Sarah, brought Ford the forward the master plan for Walter E. Long there was discussion about using other parks in the vicinity. Obviously the discussion with the expo center, we think that's valuable and, again, there is an interplay between our expansion and that ability to get at 334 for something such as the expo center in the future. And then the other last future opportunity that I think we realized as we were going through this scenario C exercise is that if we pursue the recommended expansion and you would have newly built space, a future -- a future

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discussion. Again, this would be a future discussion. It would allow the community and the city an opportunity to rethink the existing six blocks of the current convention center that occupies. This is really -- I'll put on my economic development hat from a place making perspective. The ability, if we can

do a third party financing project to the west of the current convention center and if that's successful, I think then, again, at a future date one would be able to turn our attention to, in a phased approach, looking at that. Back of the envelope, we know those six blocks could accommodate within easily 4 million square feet of development. If you look at some of the work that the daa has done and they're tracking in terms of development potential and absorption that is an absorption that could occur. Again, that is just an outcome, an outflow of the -- that -- of the expansion. The idea being you could not do that work while you're running -- you could not tear down the existing convention center while you're, you know, having to run conventions, again, that are out five, seven years. So, again, it wasn't the outcome of this but I think it was an offshoot of the conversation as we looked at what scenario C generated for us. So my wrap-up slide. I want to tie it back to the beginning of the conversation, in that, again, I was surprised really by the value of downtown and what it had done and I think what it did, it reinforced I think the planning literature and our downtown Austin plan that the planning and zoning department worked on for many years, is that investing in downtown has a great dividend. And so now I'll put back on my finance hat. I think investing -- not at the expense elsewhere, but when we have an opportunity to invest in downtown, both the public realm, private realm, that should occur because I think that pays a dividend for all of Austin. Our initial financing

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framework that we've laid out back in the memo, we've amended it a little bit for that private-public partnership, just to reiterate it reaffirms our recommendation for expansion, allows for funding on other initiatives and also allows for moving forward on the implementation of the approved waller creek design plan. >> Mayor Adler: Pretty extensive. Thank you. Ms. Kitchen. >> Kitchen: Thank you. I have a number of questions. I'm sure others do too so I'll just ask a few of them and then turn it over to others. So all right. So slide 39, I'm wanting to make sure I'm understanding the scenarios. And, again, maybe I'm not understanding what you're addressing here. So actually it's 38 or 39. I'm not sure which. Where in here are -- or maybe you're not trying to account for it in here. Where is the current hot tax allocation, specifically the 15% that goes to cultural arts? >> That stays constant. >> Kitchen: Okay. >> That stays constant so we're not recommending any changes to that. >> Kitchen: Okay. That stays constant but it's not on here. >> We can certainly get that out. I think, councilmember, what we were trying to do is try to get at some of the topics that have been talked about but there is no change and I think that's a good question. We need to clarify that. >> Kitchen: Okay. What you're also keeping current is the current allocation to the convention center and accb out of the current. So, in other words, you know there's been discussion about 15% going to -- we're allowed under the current allocation 15% to go to historical and press variation but you don't have that on here. >> Actually, so we do. I think that's top line historic preservation shows taking -- taking the -- >> Kitchen: But it's not --

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you're talking about scenario B now on 38? Page 38? I'm just trying to make sure I'm reading everything right. >> Let me go back here. So scenario B, scenario B is, again, just the baseline of scenario B is an expansion project. >> Kitchen: So it's not the exiting taxes. It's on top of the exist. >> Scenario B is taking the existing 4.5, adding the 2% additional of the -- adding the 2% additional that's allowed under 351 and investing in historic preservation. Up to 15%. As well as music. So it does include both of those. Again, I'll go back to so on this. This does -- if you see a number or a percentage in the does he, that tells you that there is funding flowing to one of those buckets. >> Kitchen: All right. I really appreciate you putting this forward but it's still a little confusing for me because I'm not seeing the existing allocation. So the existing allocation as it is right now doesn't -- it gives a certain amount to the convention bucket and then 15% to the -- to the -- to -- it gives a total of, like, 84, 85% to the convention center bucket counting accb and 15% to cultural arts. >> Correct. >> Kitchen: It seems to me you're carrying that allocation forward. >> Yes. >> Kitchen: Then you're taking the 2% additional and you're taking 15% out of that for historic but you're keeping the current allocation and moving it forward. >> Correct. However, because of the way we run the debt model and the way you run it, it does -- we're -- again, the interplay back here on the way the 2% -- the 2% is

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generating about \$250 million and the rest of it comes from the 4.5%, both paying down the debt. So when we look at the interplay between the 4.5% revenue that's coming in, it actually as we pay down debt it actually trustees up funds to get us to historic -- freeze up funds to get us to historic preservation at 15%. >> Kitchen: I guess what I'm trying to ask, and I'm being dense and other people probably understand it and I don't, but is this 15% for historic, if -- if you took the existing allocation and then you took the additional 2%, you're talking about 15% of that total amount is going to historic and 15% is going to the cultural arts? Is that what you're saying? >> [Off mic] >> Sorry, car la with convention center. So in scenario B and C, the amounts are different because the debt service is different. However, these models both are taking up to 15% of the now nine cents assessment of 351 for historic preservation and 2% of the additional 351 assessment for music, leaving in place the 15% on the seventh assessment for cultural arts programming, which is not shown on here because this is just depicting the effects of expansion of the convention center. >> Kitchen: So you're not getting the 15% on the cultural arts across all of it? >> We are leaving in place the 15% based on the current 7% assessment for the cultural arts programming grants. >> Kitchen: Yeah. >> We are adding 15% based on the additional 2% assessment that's coming because of expansion and we are allocating that to now music, as recommended by the visitor impact task force.

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>> Kitchen: So you're currently -- carving out a music bucket that otherwise would have gone into the cultural arts bucket? >> Right. And I think we -- >> Yes. >> Kitchen: Okay. Okay. And you're applying the 15% to historic across all nine cents? >> Yes. >> I think these last bullets here, councilmember, get at that. The historic preservation goes up to 15% of the nine and then the music goes up to 15% of the additional 2% and then we're leaving the cultural arts funding at 7%, 15% of the existing 7%. >> Kitchen: Yes, you're carving out instead of the whole cultural arts bucket at 15%, you're carving out 15 -- you're taking what would have gone into -- and I'm just trying to understand. You're taking what would have gone in the cultural arts across the entire nine cents and carving out some of it for music? That's really what you're doing? You're carving out and you're dedicating it to music, which instead of leaving it at the whole cultural arts across the whole nine cents. >> Correct. >> Correct. And that follows the recommendation of the task force. >> Kitchen: I know. I'm not making an opinion one way or the other, I'm just trying to understand the impact on what that does to the way we have our current allocations. So. . . >> Mayor Adler: Are there -- if there are gonna a lot of people with questions we could break for lunch and come back. Do we want to do that? Let's go ahead and do that. It is 12:45 right now. Do you want to come back at 1:45, break for one hour? We have executive session. >> Tovo: That was my question, if we were going to use our lunch to talk about executive session. >> Mayor Adler: We'll go back into executive session. So it may not be 1:45 when we're back. We'll text you and let you know. >> I'll come up with a new word for tranche. >> Mayor Adler: Toggle. [Laughter] So city council is now going to go into executive closed session to take up three items pursuant to 551.071 of

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the government code council will discuss legal matters related to e4, which is the action taken on property on high meadow, item 86, which is litigation involving Texas motor transportation oil field haulers, public hearing -- we're having executive session on the potential public hearing. Okay? And then we have on item 102, approving a resolution to direction the city manager on appropriate action regarding senate bill four. One, two, three have been withdrawn so without objection we'll go into executive session. The time is 12:45. [Executive session]

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>> Mayor adler:all right. We ready to pick this thing back up? It is 2:15. While we are in executive session, closed-door session, we took up legal matters related to he have four, 86 and 102. It is 2:15. We are now back on our work session. We're in the middle of a briefing. We're at the question period. Again, thank you for the work that you all did in putting numbers to the work of the task force. Thank

you. Anymore questions up on the dais on this report? Yes, Ms. Garza. >> Garza: I'm trying to understand the different scenarios and the acronyms. The other area projects on slide 3, the other area projects, are those -- what is that? >> Those are the projects that were described in the visit to impact task force report things related to brush square, palm school, I'm going to forget, red river historic district, the mac, those other project elements. >> Garza: Okay. So under scenario -- on slight 37, under scenario B, it says there's a \$560 million -- that would be cos? Is that cos? That's just convention center budget? >> This would be -- is showing debt backed by the hotel occupancy tax. > Garza: Okay. And then the P -- it goes down to 400 million if there's a p3. Is that because the p3, whatever that private partnership is would make up

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the 160 million? >> Councilmember, just back on your first question about the -- your first question on the debt, just reiterate this because I don't think we've said this, the convention center has its own credit. So this is not a credit of the tax rate, of the property tax rate. They have their own credit, their own ratings and so when Carla said they would be issuing debt they'd be issuing hotel occupancy debt, it is not property tax supported debt at all. In terms of the 400, we believe that the approach to this would be going through an rfp process to say that the needs of the convention center are approximately, you know, 600 to 800,000 square feet, are about 600 to 800,000 square feet based on the transaction we just went through we believe we can achieve savings like that. The other thing, we would be a -- in terms of a property owner trying to get their economic gain from a property, if we were in a true market transaction on the land and then went through a process, like we learned on the permit center, we actually -- there was no markup on the land that we had to pay, there was no return that usually landowners are looking for, so that's another factor into it. And then, ultimately, if this was part of a -- of an overall project, the concern costs so get shared, whether that would be parking and other -- and other elements. So I think a lot of it goes back into kind of the return on how that real estate market works from a transaction. We think that's a viable number. Certainly, we'd have to go out on the street and go through a market exercise on that. >> Garza: So the answer to the difference between the 560 and the 400, the 160 million, is made up bit private partnership? >> Right, doing a transaction where the private developers would

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meet our need and we would be a partner in that in some sort of mechanism, that's correct. >> Garza: So is there -- I mean, is there another scenario where that 400 million -- I guess that's what you said, that you don't -- this is just an estimate. So I don't know, is there, like, would you do an rfp and say this -- you

know, this is -- we're looking to expand our convention center, it could be multi-- what is it called? >> Multiuse. >> Garza: Mixed use, some kind of mixed use. So an rfq may come back for even less than 400 million. >> Could come back for less, exactly. At the same time we would also come back and they'd say here's how much we could build for 400m million and our convention center would look at an operational plan and see if that could fit in. Again, we know that there's -- the value of that process, again, as we learned is it's -- there's a negotiation in there and the city would -- the convention center and the city would have some leverage in that negotiations because, in essence, we would be bringing -- in essence like an independent consideration or an equity payment and from a cash flow perspective you could time that so you would offset any other kind of transactional interest rate costs that the overall development would have to help kind of bring down the cost of our side of it. So we think that there is certainly an avenue to pursue this financially, and then also from a -- kind of a downtown place making perspective as well. >> Garza: Could you just explain again how scenario B and C fund the area projects but a consent? >> Scenario a assumes no expansion and just investing in the current facility with no additional debt issuance, so no funding available for additional construction

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projects. >> Garza: And the other two provide a funding mechanism for the other area projects through -- >> So scenario B and C both include the including 2% assessment under chapter 351 that would be allowed because we are expanding the existing convention center. The early repayment of our current debt and then the pledge of all the convention center revenue sources is what brings you to a new debt issuance that allows for the construction of the convention center expansion and the area improvements. >> Garza: So is that just an agreement with -- is it tax -- it's tax dollars from the hotels that fund the other area projects, right? >> It's part of the hotel tax assessment, yes, that would be backing the bonds that would pay for that. >> Garza: Okay. I -- I'll just keep listening opinion I still don't understand if there's some -- is that a council decision that it goes to those specific projects? Is it a contract that the hotels -- I guess I don't understand how those other projects are funded still. >> So as we go through the process of issuing just from a -- from debt perspective, you have the authority to issue debt and then the appropriation. So there's -- I think council would have it in two ways to look at it. One, we would come back with a debt issuance and a corresponding appropriation, kind of almost a budget amendment for both sides of the transaction to put funds into, capital accounts for both the expanded -- the expansion project as well as these other area projects. So the hotelers don't get to -- for the allowable uses that Carla laid out in this

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other area, prongs, but the hotellers -- projects, but the hotellers, this is hotel tax revenue that's being collected. Just like now there's not a -- there's no independent vote of hotels about how we spend our 4.5 cents. >> Garza: Last question and I'll yield. Right now there's all these constraints on what we can use the hot tax for, and so do those same constraints apply if we increase that by 2%? I guess I assume those same constraints would apply, those -- you can only use them for cultural arts and historic preservation and so these other projects, are y'all saying that these other projects somehow fit into that either cultural arts or historic preservation? >> They would have to fit into kind of the concept of a convention center complex or related improvements. But, yes, it does still follow the allowable uses of chapter 351 hotel occupancy tax. >> Garza: Okay. >> So I think the answer is it would not be -- these projects would not be funded out of that -- for example, out of that 15% historic bucket. They would be funded out of the bucket that would be going towards both the expansion and these other area projects. >> Okay. I lied. One more question. So right now is there anything preventing the convention center -- from what you just said, let's say the mac, for example, there would be some agreement saying that there's going to be some kind of convention centerrish business going on at the mac and that's what would allow us to use these funds to improve the mac. Is that right? Right now is there anything that prevents us from doing that? Is there anything that prevents the convention center from partnering with the mac to say we're going to use your space for conventioneer business, is there any prevention from

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doing that now. >> From just using the space or using our funds to build something. >> Garza: The second one. >> The second one, okay. Because our current funding is pledged to the we went, there's not a whole lot of ability to issue additional debt because it would take a third lien position at this point so all of this is predicated on paying off our current debt so that we have all of this money freed up to pledge to new debt. >> As part of that process, councilmember, we would also back in -- there would be a new set of bond covenants around that new debt so we'd be retiring the old debt, new bond covenants and the expansion plus area projects would be baked into the water fall of those bond covenants. >> Garza: Okay. Thanks. >> Mayor Adler: Mr. Casar. >> Casar: Just to stick on that point to make sure I understand it well, because I think I understand your answers to councilmember Garza's questions, but maybe if I restate them I can make sure we both understand whatever is true. I'm not -- I'm not trying to man understand. [Laughter] >> Mayor Adler: Man-stand. >> Casar: So is it that there are -- there is the hot tax money for the -- that has allocations for historic preservation, caps for historic preservation and caps for cultural arts? >> Yes. >> Casar: That is one thing that is just our hot tax expenditures? And what you're talking about now is what we can spend -- is not that money, it's actually money that we can take debt out on to expand the convention center or things that are in the venue area? >> Yes. The -- we would just say part of the convention center complex. Venue is chapter 334. >> Casar: That's a whole other thing. >> Yes. >> Casar: Okay. So the answer to what you

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mentioned to councilmember Garza is that we can not spend this money or use this funding stream now on something like the mac because -- because we would -- we don't have this money just to spend on the macnow. We would actually have to have -- make an expenditure on an expansion of the expansion center complex and the mac and other areas adjacent to it would be a part of that. >> Yes. >> Casar: I think I understand. [Laughter] >> I think what it does, councilmember, just to add to that, there is an interplay between the additional 2% under 351, and the existing 4.5. It's predicated on the ability to pay down existing debt. We get to rewrite the bond covenants and so then you end up with in essence kind of a new overall project that would be both the expansion side and these projects. It's not -- back on the slide, we talked about the 2% itself gets you over 200 million, 215 million. The way you make up for the additional project costs for the expansion and at the same time it also -- because of the debt repayment and the ability due to the covenants, both those funds going into -- the combination of the 4.5 cents and debt repayment plus the new two cents gets you to an overall project budget for the expansion plus those other area improvements such as palm, brush square, other things. So it's not all coming from that extra 2%, but it's contingent on that extra 2%. >> Casar: Right. And we could do less of a convention center expansion and more in the other areas but that could potentially impact how much the hoteliers would be willing to do in the tpid, for example, so it could impact other parts of it. >> Yes. >> Casar: But in the end -- okay, this is separate from

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our 15/15 conversation? >> Yes. >> Casar: Okay. >> Mayor Adler: Councilmember pool. >> Pool: So I think what's confusing is that you are talking about the additional venue fund for expansion of the convention center and not talking about the 4.5 cents that is currently given to the convention center and the visitors bureau for expirations maintenance. We have the 15% bucket for cultural arts, which has been funded. It's, what, about \$11 million this year? Is that right? >> Yes. >> Pool: Okay. And then we are -- and that's been statute and we fund that to its maximum and we allocate it through a process we've had in place for years. We have a second statutorily permissible 15% bucket separate from the cultural arts for historic preservation. We have not funded that except for very minimally. Last year it was 500,000. Before that it was 200,000. I think it's in this budget back down to 200,000. But, in fact, state law allows us to fund that bucket as much as we fund the cultural arts. So that's another \$11 million. So that money, where does that come from? It comes from the operations and maintenance that the convention center and the visitors bureau, you know, during -- with whatever the allocation is, what they have. So that means reducing their operating budgets in order to shift that money, which is statutorily permitted, into the funding bucket for historic preservation. So it's number 1. The second

piece is how do you reach, for example, a master plan for any given effort? Let's just say the mac or palm school, just to pick two. If you can -- if we can tie through statute language the activities relating to tourism in the city, then we can fund an activity like a master planning process out of the funds that are currently in the 4.5 cents

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that are going to the convention center and the visitors bureau, and that is the piece that we are looking in item 60 to shift around. That's why there's no new monies. It is taking what is there and moving it into policy preferred buckets going forward. So what I would say is, when you talk about the venue tax and the 2% and the defeasing and paying off the debt, we could still pay off the debt with the reserves that are in place because they are considerable, you are making it more difficult for this panel to understand, with any real clarity, what we really have in front of us. And I would just reiterate, we have three ways we can fund the things that a number of us have said that we would like to fund out of this fiscal '18 budget. One is to increase to the statutory limits the historic preservation monies, which is 15% of the hotel occupancy tax revenue, continue to fund cultural arts to the maximum intent -- extent, which we have been doing for years. Again, about \$11 million. And then shift around the money that the convention center is using at will for many different projects that they have decided that we have not necessarily approved or permitted or voted on. For example, the 63 million in projects that you have listed here, I don't have any backup to see what are they for? Where are they coming from? How much is it? Did I vote for that? I know we have contracts with the visitors bureau and I'm specifically now talking about the convention center. So I think before we proceed on this fairly complex -- I -- and I might say somewhat blurred continued conversation about how we can operate within the admitted strictures of state law, we do have some straight paths. We do have some clarity. But I'm not necessarily getting it from this conversation. I am, however, getting it from numerous conversations

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that I have had and learning that I've had from our legal department and then just digging into the statute myself. There are some -- we do have a way to fund a master plan for the mac. We don't have to add a two penny venue tax and spend more than \$600 million. That is just a proxy number to expand the conference center in order to fund a master plan or to help the waller creek project or to fund -- well, any other -- any other project that we've been working on and we have a list that we got from the parks and rec department that show eligible products that can today be funded from these funds. It's a matter of us saying, yes, we will lower the operating budgets for the convention center and the visitors bureau and shift these monies to the projects that this council has been for two and a half years

indicating preferences for funding. >> Mayor Adler: Ms. Kitchen. >> Kitchen: Okay. So I think what I would -- what would be helpful for me is -- because this has been, you know, a lot of -- a lot of good information, a lot of information that we all need to wade through, as councilmember pool was saying, there's a lot to think about here. So I want to clarify a little bit what's going to be in front of us on Thursday. And to my mind, if I heard you correctly, what we're talking about in item 60 is independent of the -- this additional approach to expanding the convention center. I'm not seeing anything in 60 that precludes coming back and talking about the convention center expansion with the scenarios that you've talked about here. And the reason I'm saying

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that is because, as we talked about before, when you look at number 38, scenario B and C, which are the scenarios that y'all are bringing forward -- or not y'all, but that are being brought forward, it talks about 15% in historic preservation. My understanding from my earlier conversation is all we're talking about in item 60 is the seven cents. All we're talking about in item 60 is the seven cents. And my understanding is, under scenario B and under scenario C, we're talking about putting 15% into historic preservation and we're also talking about keeping the current allocation of 15% of the existing seven cents cents for cultural arts. So to my mind, I'm not seeing -- you know, if we move forward, my preference would be to move forward with item number 60 on Thursday and then take the additional amount of time that we need to understand all the details of these additional pieces and come back with that later and address it. Because I don't see them being inconsistent at all. As I heard you earlier and I'm seeing on scenario B and C, this same 15% under Hoyt historic preservation is what is contemplated under both item 60, the existing seven cents, and if you add two more for -- nine cents, which is part of this going forward. So I guess my question, sir, is, that's how I'm understanding it and I'm not hearing anything that's telling me different. Is there anything that should tell me different? >> I think I need to become more familiar with the mechanism by which item 60 is describing -- >> Kitchen: I can describe it to you. >> I think it will all depend on the amount of funding being diverted from

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the convention center because these scenarios are predicated on the ability for the convention center to pay off their debt early to continue investing in their cip and to make the operational change -- or decisions we've made in the fy18 budget. Until I can really understand what 60 does in terms of a dollar impact to the convention center I'm not sure it doesn't impact our ability to move forward with these. >> Kitchen: Okay. Let me explain why that doesn't make any sense to me. Okay? Because all we're talking about in item 60 is reallocation of the seven cents. Right now. Okay? >> Right. >> Kitchen: So that

means that 15% of it goes into historic preservation, which is the same amount or percentage that you're talking about under scenario B and C. So. >> Correct. >> Kitchen: -- What you're saying is if I'm understanding correctly, that if you take 15% and you put it into historic preservation, then that means that's less for the convention center. Right? That's what you're saying? Is that what you're saying? >> It is. But you need to understand the timing of when what we're presenting the scenarios would -- could come into play. >> Kitchen: Okay. So what is your timing for scenario B and C? It's not this year, right? >> Correct. >> Kitchen: So what we do this year on item number 60 will not impact what you do in future years? >> This is predicated -- >> Mayor Adler: Hold on a second. Our manager wants to speak. >> Kitchen: I'm sorry. I don't mean to be argumentative. I'm just trying to figure it out. >> I think what Carla is trying to express is that these are based on projections over time, and those projections, one of the assumptions was before item S. And so they were based on the same allocation of budget dollars to the convention center that they've had in the past. If you change that allocation, then these projections will have to change. They will not have as much cash to set aside for early

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debt repayment. And so this forecast will have to change and it may change the debt capacity and/or when you could pay off early. So that's all they're saying, is that based on new information in item 60, which was before all of this analysis was done, they would have had more cash to set aside for that early debt payoff. >> Kitchen: So I'd like to understand what the difference is. Basically you're just talking about one year here. You're talking about this year the amount -- if I'm understanding correctly, the amount we would take out of the convention center -- and I'm using accb, that part, to allow us to do 15% on historic, you're saying that that amount in one year could prevent this whole scenario from occurring? Is that what I'm hearing? >> Accb would not affect that but the portion that you would remove from the convention center budget I have not assumed it would be one year. I would assume it would stay in place if you want to set aside 15% for historic preservation. So it just depends on the assumptions, but it -- what I'm saying is any reduction in the convention center budget, the allocation of the hot tax to convention center operations would affect how much excess cash they had to put in the set aside to pay down debt early is all. >> Kitchen: Okay. I'm just saying what I'm not understanding is we're talking -- under both these scenarios, B and C, we're talking about 15%, which is the same percentage we're talking about in item 60. It says right here, 15% to historic preservation in scenario B and scenario C. >> It is. But it's coming from new hot tax, over and above what we currently have, right. >> Kitchen: It's also coming from -- it says nine cents so it's also coming out of the one cent. >> Yes. Again, this is -- this -- these scenarios in this model was predicated on the convention center being able to pay off the debt early and to do that we need the

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funding that we have today to stay in place, to meet that model. >> Kitchen: Okay. So you need the dollars that you would spend out of this year to pay off the debt? Is that what you're saying? >> Yes. >> Kitchen: And how much is that? >> We have 118 to \$119 million worth of debt outstanding today. Is not just used for early debt repayment. We've got capital needs that we're funding as well. So all of our molders we're balancing our operational needs, capital project needs and early debt repayment. That in our model lets us pay off the debt in fy20-21, eight years early. >> Kitchen: I still need to see more information about what you're talking about for this year but I'll leave it at that for right now. >> Pool: Mayor, if I could add something -- >> Mayor Adler: You go ahead. >> Pool: I just wanted to say the whole -- the piece about paying off the debt, the reason why I was saying earlier that this is confusion, the picture, is the paying off the debt is important if you want to expand the convention center because that frees up the revenue in order to get to the dollar figure so we can expand the convention center. But if we are not expanding the convention center we don't have to free up the debt faster. We can stay on the path for repayment that we are on now. Do I have that -- is that correct? Or am I missing something? >> That is correct. At that point the convention center would assess what we can do with our current facility and probably have additional capital needs that we would be bringing forward for consideration. >> Pool: And we fully agree that there are capital needs at the existing convention center, including perhaps moving some walls and reconfiguring within the convention center so that it can respond to more current convention center-goer needs. But I would just implore us to step away from the piece that continues to be overlaid here, which is the

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assumption that we will agree to expand the convention center. We need to talk about it in ways that don't include that as a foregone conclusion. It's making it really difficult for councilmembers, myself especially, to at least get down to the essentials of the situation. I feel like I'm honing in on them now. And I'm not presupposing expanding the convention center and we have to get to a point where we understand all of the interrelationships of the statute and the financing without that overlay because that is unnecessarily complicating the issue for us. >> Mayor Adler: Mr. Flannigan -- Mr. Renteria and then prophecy. >> Renteria: I want to say if we're going to be taking money for historic preservation we have to look at it being divided equitably. We can not spend it in one district or one section of town and I'm wondering how much are we going to be able to cut this up in ten different pieces and see what kind of investment -- what kind of preservations we can do investing to our district because it would not be fair to get this money and just to give it to one area or one group of people that wants to do some major repairs that we all have major repairs throughout all of our districts and by taking this big chunk and giving it to one district or two, it would not be fair. >> Mayor Adler: Mr. Flannigan. >> Flannigan: On your presentation on slide 41, the paying down the debt of the convention center is a setup to allow the venue tax to be applied for another project, like the expo center? >> Yes. >> Flannigan: So it's not --

expansion of the convention center and the paying down of the debt, accelerating paydown of the debt is not just about the convention center? It also freeze up the 334 chapter if the community should so choose to expand another venue or do work at

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the expo center. >> Correct. I think that's why the task force recommended this option versus not paying off the debt earlier. >> Flannigan: Then kind of piggybacking off of councilmember Renteria's comment, when I see the numbers about these -- these historic preservation numbers, those -- we're still restricted on where we can spend that, right? I mean, we can't spend that -- let's just look -- just to have a big number that \$162 million over ten years, that scenario C, that's for preservation, is that restricted in where we can spend that on historic preservation? Is that about historic structures and parks? It's related to tourism or is it more broad than that? >> It does have to meet the criteria as laid out in chapter 351, meaning it's historic restoration activities within the vicinity of the convention center or frequented by tourists and convention attendees. >> Flannigan: Assistant city manager Hensley, can I ask you a question about this? Looking at \$162 million over ten years overlaid with the restrictions that certainly come with this funding, how old we even spend it? >> Sara Hensley, interim assistant city manager. That's a lot of money, first of all. >> Flannigan: Yeah. >> And we do have a list, as I believe councilmember pool mentioned that we shared with council. It's been about a year and we've been working to update. I don't know. I'd have to go back and we'd have to look and we'd have to prioritize. We have a lot of areas, of course, that have needs, but they have to meet this criteria and so I'm not sure that we would have enough for 160 some odd dollars. >> Flannigan: That's my question, ultimately, and, councilmember Renteria, I agree with you. But if I were to try and find historic preservation projects of any kind in my

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district, they're likely not there, much less ones that would qualify under this chapter. So I'm also concerned about building up a fund that ultimately we can't spend. So I'll just leave that as a rhetorical statement. >> Mayor Adler: I just wanted just to double-check. So on page 39, when you had those numbers, you had a footnote. I want to make sure I wrote down the right number. We're using 162 million as the ten-year total for historic preservation under scenario C. >> Yes. >> Mayor Adler: But you said that was a -- one percentage. But you said if that number was reduced to 108 million, then in the other area projects number that could go up to 109 million. Is that correct? Do I have the numbers right. >> Correct, yeah. That was my -- sorry, that was my toggle, yes. >> Mayor Adler: That is a toggle. >> Toggle, sorry, last one. Bringing that down. You could. That's that range within there and there's an

interplay between what would be annual -- annual -- an annual revenue source and what that annual revenue source could support in a debt issuance. >> Mayor Adler: So the 162.3 is pared with 159 just as 108 million would be pared with 109 million? >> Yes. >> Mayor Adler: Okay, thank you. Mayor pro tem. >> Tovo: Thank you. I have quite a few questions. I'm going to try to hit first on those that -- and I won't ask them all at once, hopefully. But I just want to say, just a point of clarification about the historic preservation money, it doesn't all need to be spent on city projects. We can also continue doing what we've been doing, which is the heritage grants program or what the convention center has been doing -- I mean acvb has been doing and enhance those grants. I think the revised materials that councilmember troxclair distributed identifies a few of those non-city facilities that could benefit from enhanced heritage grants programs. But that wasn't really what I wanted to say, but,

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councilmember Flannigan, you looked -- >> Flannigan: I'm just curious about the heritage grant program. So you're -- so one operating theory might be that we could find \$163 million of projects through a heritage grant program? >> Tovo: I'm saying when we are sure that we're going to have some significant city needs because, you know, some of those -- quite a few of the projects on the parks list weren't even estimated, like, fiesta gardens, for example is on the memo that the staff have given us with no estimate. So I'm certain that the costs will increase beyond what I quickly added up, and I was at 28.5 million without any of the estimates for the unfunded -- for the unestimated projects. So we have tens of millions of dollars worth of parks and cultural facilities within the city, and I'm saying that if we looked also at expanding -- you know, right now we do smaller grants or -- again, not we but the hotel/motel tax as it goes through the heritage grants program have been pretty small grants but we know organizations have a project, a property that might qualify and, you know, they are in a fund-raising campaign. They might benefit from a quite large heritage grants program if we chose to allocate money that way. Yeah, I guess, yes. I would say -- >> Flannigan: I mean saying that there's tens of millions is different than 160 million. So the orders of magnitude are pretty dramatic, but, also, who -- and this may be a staff question. In the allocation of the funds, who are the decision makers on who gets the grants or how these types of funds might be allocated? Really it's a slightly broader question and I apologize for kind of stealing the mic back for one more question, but asking that more broadly both on how we might -- how the 15% that we're adding in part for the historic preservation or under item 60 defined in parks and preservation or the percentage that we're going to -- that we might pull out of a tipid, although the

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creation of the tpid is predicated on the expansion of the convention center because the hoteliers won't support a tpid so that's important to remember as well. What is the thought process about how all these funds might be decided upon, who gets them? Because they are significantly larger piles of money in proposition than in current. >> Leela fireside for the law department. The current process for the hotel occupancy tax grants for historic preservation is a partnership between what is now visit Austin and the historic landmark commission, working together to make sure that the properties both meet the requirement of the statute and also that the improvements that are being made are historically appropriate and that they are things that will be visited by the tourists and convention Goers and they're able to be viewed, that they're open during regular hours and things of that nature. Once those immigrant applications come in and they are agreed upon, the information is sent to me to review to make sure that it's in compliance with state law pursuant to a 2009 council resolution. It comes to the law department, and then I forward it to the city manager's office once I've reviewed it and can confirm that it's in compliance with law. So that's the process as it works now. Currently, the grants are under the city manager's authority so that there's not an approval process that delays those going through council. However, there have been conversations, I believe, about making the grants larger, which would require council approval for the grants. So that's how that works at the moment. >> Flannigan: So because the grants are so small, it

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doesn't -- the code and the charter and such don't require a formal review and approval process beyond the legal gut check on whether or not it qualifies? But in an expanded way we would have to then develop a process for approval because I don't know if the council is going to want to approve every single project. >> Sure. It's not a legal gut check. It's actually a fairly exhaustive process. >> Flannigan: I'm sorry. >> There are requirements that are in the -- >> Flannigan: I'm so sorry. [Laughter] >> -- That are in the grant application and evidence that the applicants need to provide to document that they are in fact attracting tourists and convention Goers and, again, there's -- they need to go through the historic landmark commission to verify what they're doing will be historically accurate and appropriate for the facilities. Once that's done then I review it and make sure all those pieces are put together properly before sending it to the city manager's office. So, yes, if we added in the possibility for larger grants, then the next step would be if the grants were over the manager's authority as set forth in the charter, then your -- they would bring forth -- the staff would bring forth an item to approve that particular grant. And then council would get to decide on that. >> Flannigan: All right. >> Mayor Adler: Mayor pro tem. >> Tovo: So I just want to offer, if anyone would like a copy, I've got a 2014 letter from Anthony snipes to the council just informing the council that -- that the staff had received a request to add to our legislative agenda the ability for the hoteliers in this city to create a tourism -- I've suddenly forgotten what it stands for, tpid, but what does that stand foremen? >> Public improvement

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district. >> Tovo: Thank you. I think it keeps being talked about, like the hoteliers will create a tpid if we expand the convention center and I'm not certain that's true. It seems to me based on this that that was of interest to them independent of an convention center expansion. I'll read you some of the language about that. The local Austin hotel and lodging association -- first of all, it goes through -- this memo goes through a description of how Dallas had sought the authority of the legislature to do that and that -- and a little bit about why, that the Dallas tourism public improvement district had been in existence and incredibly successful and that it had helped increase their closure rate of 23% for citywide convention business. It talked about other cities that were interested in securing permission from the legislature to create these and, again, it talks about the local Austin hotel and lodging association and Texas hotel and lodging association that both passed resolution asking -- to ask the city of Austin to include this item in the city's legislative program. And so I think that -- I guess I just question that assumption. It seems like the tourism -- the tpid is of value to the hotel industry absent a convention center expansion. It allows them to use that money to promote Austin, to encourage businesses to come in from the literature I'm reading. It seems like an appealing tool. Even for cities -- and I'm not sure that all the cities process of -- you know, they're not always tied. They're -- councilmember Flannigan. >> Flannigan: Well, they're not always tied in other cities because other cities have significantly larger convention centers. And I've had other conversation with folks, we are going to hear from these folks on Thursday so we don't have to debate it right now but I don't think the -- the connection between the tpid and the expansion, to my mind is related because of what I'm

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hearing from the industry in Austin. Not because that's how it's always done or that's how it was done in other cities but specifically to the challenges that the industry is facing here. >> Tovo: Okay. >> Mayor Adler: Mayor pro tem, I know you called on him but I'm going to try and -- >> Tovo: He was beginning to speak while I was speaking so that's why I paused to allow him to talking. >> Mayor Adler: I want to give you a chance. >> Tovo: Okay, yeah. I guess, again, to me that's an unsettled question of whether or not the hoteliers -- the hotel industry in this community would have been interested in a tpid absent the convention center. Okay. I have some questions about whether -- can we access -- and I asked this question of you, Mr. Canally, and I don't know if you have an answer to it yet, but can we access the 2% for a major rehabilitation of the convention center rather than an expansion? >> So when we looked at that, the -- that is scenario -- that is embedded in scenario a, actually, because that was one of the -- from the master plan that was one of the working scenarios to kind of fill in the gaps where appropriate. A viable project. That would, however -- we believe, looking at it, that would constitute an expansion to access that 2%. I think the flaw, though, would be when we issue hotel occupancy tax revenue bonds you also have to go through a feasibility study for those bonds and we don't know that that

feasibility study would play out in terms of adding what is only maybe 60 or 80,000 square feet that would be enough -- there would be enough kind of hot revenue generated to support that extra -- that extra debt issuance. >> Tovo: Okay. But it does -- the law does allow you to access that 2% increase from a rehabilitation? They would incur it -- they would consider that to be -- >> It would have to first

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meet the test of an expansion, and I think from the master plan process that went on, you know, that -- that option really didn't proceed any further because I don't know that we think it's viable from an operational perspective, but it is -- it would be -- it would meet that test of being an expansion. It just comes with some issues about revenue generation and feasibility. >> Tovo: Okay. But whatsome what of we're talking about, generating new money, increasing the pool, et cetera, could come from a substantial -- not just an expansion acquisition of new property, some of the other things we were talking about? >> Correct. Again, though, I don't know that that effort -- that effort did not -- even exploring that option really didn't get any further. I think there were major hurdles in terms of the feasibility, looking at underwriters' funding really what would be 60, 80, 90,000 square feet, is there enough revenue to support the pledge against that new debt issuance without impacting our credit. >> Tovo: Okay. >> So I'm being -- so my short answer is yes. >> Tovo: Right. >> Given this topic, there's lots of stuff going on here. That is I think the fuller answer. >> Tovo: Thank you. >> I want to make sure we're giving you the fullest answer. >> Tovo: To get back to the mac, as I understood your answers to the questions before, let me start with palm. If we used either the new revenue or our current -- if there was not an -- let me ask them one at a time. Palm could be acquired and it would not need to come out of the historic preservation 15% cap? But it's my -- but if it meets the test, then it would also -- as I understood your answer back to councilmember pool, we could also use, if we decided not to expand the convention center, we could

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use the 123ish million dollars in the reserves to purchase palm if it's determined to meet the requirements? I mean, so meeting the requirement is a given one way or the other but we could also use our reserves money for that purchase? >> I would have to think through that. >> Tovo: Well, if we're talking about them as area projects, I thought I heard you say that -- >> Right. What comes into play is the current commitments to the bondholders for the current pledge, and I'm -- I would just have to understand is -- would that become part of a convention center complex? And -- >> I think its use would use of that, so it met that test would be important to understand. >> Tovo: But that's important one way or the other. It seems to me if I'm understanding all the material that we've been presented and have

talked about through time, one way or the other, if we're going to use hotel-motel tax dollars for palm or for the mac, it will need to meet the test of how closely it is -- if it's not coming out of the historic preservation bucket, it has to meet the test of, as one of the attorney general opinions said, like it has to be considered to be an expansion -- it has to be considered to be another arm of the convention center. Is that correct? >> As it's been communicated to me through bond counsel, part of the convention center complex or related improvement. >> Tovo: So I guess I just want to really be sure that we understand that correctly because I was reading one of the attorney general -- I was reading one of the attorney general opinions, thank you, Ms. Fireside, for these, that talks about a theater and whether a master plan for a theater was an allowable use of hotel-motel tax dollars, and the relevant line here is only if a particular facility is

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primarily used to host conventions or meetings is it a convention center facility and that's a permissible use under chapter subsection 351.101. Then again it talks about that arts funding can't be used for construction, it would have to be any other. But I think that if -- I guess my question is if we used hotel-motel tax dollars in this way that's being contemplated for the mac, does it then have to have as its primary purpose to serve convention goers or visitors and has that discussion been had with stakeholders of the mac and the macc board because if true that would be -- that could be a shift in their mission. >> I think that would be part of that dialogue about what is the intended use there so we would know what bucket it would come out of. >> Tovo: Well, what would be the options? I mean, what -- could it continue to -- if we used hotel-motel tax dollars for the final phase of the mac, what would be the requirement for how that space is used? It can't come out of the historic preservation bucket, so it has to come out of -- out of the money allocated for a convention campus, as somebody described it. Does it then have a requirement to hold -- you know, to hold convention events over there? >> This is leela. I would say yes. I think that it needs to be part of the convention center facilities in order to be something that can be funded through the hotel occupancy tax. And whether or not they want to do that and whether or not we choose to do that with that facility, that's a decision that would need to be made with the community and council. >> Tovo: But if we chose

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to -- if we're proceeding along a path that uses hotel-motel tax dollars in this way, that would be a requirement for the mac. >> Yes. >> Tovo: I think that's a substantial thing to have a conversation about. And -- yeah, I just don't -- wanted to make sure that I was understanding what was before us. Correctly. Okay. >> Well, I think one of the things that's part of a question here is there's been a lot of discussion

about whether there were going to be visitor centers or whether there was going to be a convention center facility. I will say that each time with speak with bond counsel the details are very important, but, yes, it would need to serve tourists and convention visitors, whether it meets the requirements for a visitors center or whether it meets the requirements as hosting convention operations. I think it is an important conversation and whether or not that's the right pot of money for this particular thing is something that needs to be looked at. >> Mayor Adler: I also think, as we look at that, so that we don't walk out of directed that question differently than I would have. Because I think that there's a real important conversation to be had about the mac function right now that's open to the public that does cultural work. I think that -- I'm not sure that it would require a change at all in the mission or the use of the mac in order to be able to fall within the subset, even -- compounded even more if there was some kind of a vehicle that went back and forth between the two so as to allow convention center visitors to be able to partake in those activities. So I think that's one of the things that hopefully can be discussed and developed over the next couple months if the council indicates that this is something that's worth pursuing because I --

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from where I sit, I don't think that it would necessarily require a change in that function. >> And some of this may depend on whether or not we're talking about improvements for which you need to issue bonds. Although you still have the requirement to put heads in beds and to fit into one of the categories with the hotel occupancy tax, the tests are going to be more critical if you're talking about issuing debt. >> Tovo: Mayor, if I may, I'll just say that, you know, part of the reason I'm asking the questions I am is because on at least two other budget cycles there were attempt to try to fund some operations and things that surely centers through that hotel-motel tax and I think we have at least one legal memo saying -- anyway, I won't say what the legal memo said but anyway I think it's an area of concern and as I read through the attorney general indicatases there were several that were similar -- cases there were several that were similar in questioning. So then I have a different question. Could development -- I saw that there was an ability to use hotel-motel tax for development along an inland waterway and I wondered if you thought that would apply to the waller creek project? >> I don't think so, but I haven't researched that issue. So it's something that I would need to look into furnishing. And I would be happy to do that. As you know, having asked for the attorney general opinions, there's not necessarily one that's particularly on point. And it's a conversation that would need to be had, again, are you issuing debt? Are you -- how -- as you know from having looked at those attorney general opinions, the facts and the findings of council are very important in figuring out

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whether we are squarely within the statute or whether we've wandered off. >> Tovo: Okay. Thank you. >> Mayor Adler: Ms. Kitchen. >> Kitchen: I think I have a request for some additional information. So I've been thinking about the conversation we had a little bit earlier. I'm still not understanding how the scenarios under item number 60 would impact our ability to continue to consider this -- these scenarios that are being presented today, scenario B and C. So but to the extent, if I'm hearing city manager correct, there may need to be some additional number crunching to see how that would be impacted. So I would ask to have that done. I would also explain why it's confusing me. So if you look at page 39, under scenario C, at least -- and if I'm understanding the difference between scenario B and C, scenario B is without the private partnership, and scenario C is with, with it. So that's the only difference between the two of them. >> Right. A came from kind of the working plan, one of the working options of the master plan and xb was the -- I'm sorry, scenario B is the expansion and because the visitor impact task force recommended that -- looking a scenario B plus, we just tried to -- we have so many numbers and scenarios we wanted to just clean it up. >> Kitchen: Okay. >> So, yes, that is -- >> Kitchen: That's the difference? >> Then in terms of the -- and we hear you and I think we can work on looking at item 60. I think clarification would be valuable, is what is the -- what is -- how much would be -- how much would be going -- the reduction in the convention center dollars and then I think as an interplay to that, a

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reduction in the other bucket, I think the visit Austin, to know if there's any interplay there. It's \$11 million. I think we need to just go back and look at that. We can certainly do it. >> Kitchen: The reason I'm asking -- this is just for me, and I'm just talking about this year. Because scenario C, you've got 13.9 million going into historic preservation. And I know it's not this simplistic, but the reason I'm confused is because I can see under scenario three in -- scenario C in year one is 13.9. And item 60 just is talking about 11 million in that bucket. So it's -- it's particularly confusing to me, and I understand you've got to run the numbers and all of that, but I am still not seeing how moving forward today -- or not today, on Thursday, moving forward with number 60 precludes us from continuing to consider expansion of the convention center. I don't think we're ready to move forward -- or at least I'm not ready to move forward on expansion of the convention center. I'm certainly wanting to understand it better and think through it. I'm not opposed to it. But I am ready to move forward on item 60, and I don't -- I just do not see them as seen -- I do not see them as -- as being counter to each other. And so if the concern is that they may be, then I need to seat numbers and I need to see them soon. Like right away. And I'm looking at scenario C and just looking at how that plays out, I don't see -- I don't see a disconnect. So I guess my request >> [Inaudible]. >> Kitchen: If there's a disconnect then I'm not seeing -- I would like to see it. >> Certainly. I think we would have to probably run that both ways, both assuming it's a one-time and then an ongoing

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change in allocation. >> Kitchen: Okay. >> Mayor Adler: So for me -- >> I think we would need to see what that is. >> Kitchen: I would like to see that tomorrow. I think that it's just a matter of plugging numbers into your. >> I guess to do that, something that is in the appendix a, that's the numbers we should be using to run? >> Kitchen: Yes. >> Mayor Adler: So from my perspectives with respect to 60 and 61, the element of 60, which says take a look at money that says we can legally or practically and viably take out of the convention center and the visitor bureau, I am in favor of and support and hope to be able to vote for that on Thursday. There were other elements of 60 because 60 the resolve clause made reference not just to that component, but to an entire exhibit. There were elements in that exhibit like using six and a half million dollars that I don't know, but I assume came from air bnb. There were some concern about that. Our clause didn't talk about that, and B talked about what would impact the amount of dollars that were shown on exhibit a, I think were \$3.3 million costs convention center budget and 3.3 out of the visitors Austin manager's proposed budget, plus an additional two million dollars that was directed to specific uses for a total of about \$6.4 million of the visit Austin budget. I had -- so I think that the question that the council asked at the budget meeting last week, which was to take a look at -- and manager, we asked this in your absence just to get whatever your

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advice would be. As to what could be taken out of the convention center side and maintain legal liability and that kind of stuff. And out of the visit Austin side is information that I would like to see. But if it's just focused on those two elements, then I would hope to be able to vote in favor of that portion. With respect to approving 101, I put that on the agenda so that it was something that we would be able to discuss as a council, but it's still my recommendation that we keep that laid out for the community to be able to see it and for everyone to be able to vet and talk about the numbers with an eye to having that come back to us at the end of September. Further -- Ms. Troxclair? >> Troxclair: I am encouraged to hear your potential support of item number 60, and I do have an update that I want to go over, but I was waiting until the item came up. So I'm happy to have a conversation about the air bnb money and the tpid, but I think I can address both of those issues for you. You know, it is -- there's so many numbers and this is such a complicated issue to begin with. I do hope that we will be able -- I think there's a group of us on the dais that are hoping to address your existing pot of money and making sure that we're maximizing the return on investment on the existing money before we are comfortable having a conversation about what the future -- what a future expansion would look like. Because they both deal with hotel occupancy taxes, of course the questions have been a little bit commingled, but I hope that we're able to, I guess -- because everything in your presentation today really

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had to -- really has to do with contemplation of potential expansion, not necessarily item number 60 or the allocation of existing funds, right? >> Correct. And I'll reiterate, we're working off the resolution that we had from back in February. We've been working on this. We sent that memo out. The briefing really was a result of requests from the memo sent out knowing that, yes, there are -- since that request there's some resolutions floating around. And so we want to be able to where we can incorporate them. And I think -- so as you've mentioned, if there's an updated set of numbers to be able to get to councilmember kitchen's question, we're just going to need to both have them and understand those so we can help -- you know, help shed -- as you get at where these two issues are related. And we'd be happy to do that. >> Troxclair: Thanks. And I have an updated copy here for you that I can give you. The two questions that I did have regarding your presentation were, number one, about the \$62 million on slide 33 about cip. I assume that those were projects that were approved in the cip plan, but my question is are those expenses that have then -- normally if they're approved in a plan, then they come back to council. I would like -- not necessarily right now but it would be helpful to know what those projects are and back to council and been approved by council or where we stand in regards to expenditures of those monies. Then also I wanted to ask on slide 37 where you kind of talk about the difference between the where you have your kind of scenario B and C and it's \$400 million versus 560,560,000,000. It seems like if this is

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going to go something that we contemplate in the future, it seems to me like the value that's a private developer would be getting in a private-public partnership would be pretty significant if we're giving them basically unlimited development rights and in the downtown district they can build a huge residential tower or whatever. It seems to me like those entitlements might be worth significantly more than \$160 million. So -- I didn't know the answer now, but if and when we do get to having this discussion again, it would be helpful to understand if those entitlements have been taken into account on those projections. >> We could shed some light on how we look at that evaluation and how we would kind of address an approach going into the marketplace and the assumptions behind that. But it would be -- obviously it would be a new type of transaction and so we could -- >> Troxclair: My hope would be obviously we could minimize that -- that the number if we were really taking into account the full value of all the entitlements we would be giving a private developer that we could get that 400-million-dollar number down. >> I think there's lots of avenues to look at that. And in the end it ends up how the transaction is set up. Obviously that is all something that would be discussed and noted and just like we were in our most recent transaction we would want to be in point of being in a good negotiating perspective and not having to put any more than we have to for the space we need. And that's where I think we start with is the space we need. And then see what the market can come up with and we start something. So for this exercise to take the visitor impact task force recommendation, really

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revised on the master plan recommendation to not just expand it, but expand it using this methodology, because that task force has reported out to you as a body, we thought it was valuable to try to attend to that change. And that's why you're seeing it here today. >> Troxclair: Okay. Thanks for that. Oh, one more question. The reserves, the total convention center reserves, I think I heard the number \$123 million. Is that right? No. >> Cip will get you all that information. That is a summary slide obviously. We will get you -- let me go back here. We will get you all that number. That is both -- we'll walk you through and get all that answered out. And it's the spending that is both underway, planned projected like any other department has a five-year cip plan like all of our capital expenditures, they normally come back through the ability -- I think councilmember pool asked about contracts get approved. And whether that's for a technology vendor to come in and upgrade your wi-fi system, we have to plan that for all departments. We'll get you all that information. And then on the reserve side you have both your operating the reason we showed this like this. We have our operating reserves and the debt reserves, and then the cip is really a balance. They're not in essence in reserve, they're just balances that are in the cip accounts. >> Troxclair: And so is there a cumulative total of reserves somewhere? >> It's 32 plus the 58 million, so you're at \$90 million. >> Troxclair: About \$90 million. >> We segment them out because they're not commingled funds, the operating reserves for the policy and the cip. And the venue -- within that the venue is a separate transaction.

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>> Mayor Adler: Manager? >> The debt reserves are required by our bond covenants on those specific bond sales. So those monies will not be available for any other purpose than to back stop in case we were not able to make a statement. The operating reserves are required by the financial policies that the council approves. The cip is just the unspent monies compared to the other projects. So it would not be appropriate to commingle those debt reserves with any other reserve. I just want to make that point. >> Troxclair: Thanks. >> Mayor Adler: Councilmember Garza. >> Garza: Mayor, did I understand you correctly? You said we're going to hold on item 101? >> Mayor Adler: That was my intent. I put it on the agenda and when I did, I posed an explanation that I was posting it because I didn't want to have part of this conversation without us having able to have it all, but that my recommendation when I was asked about it at a work session, I think probably now three or four weeks ago, I'm trying really hard -- this is an important issue. There are a lot of moving pieces and I think we need to have it out for the public for a long time for people to be able to look at it. So it continues to be my intent, either me or anyone on the dais, I don't care, to bring the issue back to the council at the end of September to ask staff to then go away and work on the details and come back to us with what their best negotiated plan would be,

thinking we could take that both before the year was over. >> Garza: Okay. And I want to say I appreciate -- this is a very comprehensive presentation and a lot of great questions and I appreciate the work the mayor has done to -- and a lot of people on the task force to try to solve these very complex issues. I would just ask as we continue to have this conversation, when we're talking about funding these

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kind of projects that are very -- they're like places of pride for -- it's important that we know very clear what strings are attached to that being funded by the hot tax. And because I've heard secondhand information and I don't know what -- there's so much digging in to do to fully understand the effects of this and what the effect would be, I've heard that the mac had been offered this kind of opportunity before and the board didn't want it. And I don't know what the truth is. I don't know if -- I haven't heard. I've heard from some board members. I haven't heard of an entire vote by the entire board. If this funding is tied to creating a mini convention center at the mac I think people need to know that. So I think it is such a complex issue and when I have members of the hispanic community reaching out and saying you're supporting this thing that's funding the macc, right? And I have to say it's more complex than that. It's not -- it's not just funding the mac. There's so many moving pieces. And so I hope we can -- as we continue this conversation we're very -- we're very forthcoming on what it's tied to and does that change the mission of the mac and all those things. It looks like we've been given three scenarios. And is there no other scenario where there is not -- it does not -- you do not need to expand the convention center to provide some kind of funding for these other area projects? You know, I just -- I just don't feel like those are all the scenarios. And I don't feel ready to vote on all these scenarios

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in two days or probably even in a month without clearly understanding what are the requirements tied to. So if that's a legal memo or whatever, I would appreciate that information. >> Mayor Adler: Councilmember kitchen and then councilmember alter. >> Kitchen: I just had a follow-up question about reserves. I understand that for debt reserves that we have to hold in reserves as part of the bond. At the point that we're ready to pay the bond off can we not use those reserve dollars to pay the bond off? >> [Inaudible]. >> Kitchen: Thank you. >> Mayor Adler: Councilmember alter. >> Alter: I have a couple of quick questions and then I hope we can hear from Ms. Troxclair about the updates since we're after our 3:00 time. I was curious for the reserves how much you budget eve year that you will be adding to your reserves? It's a function of how the operating reserves and the capital reserve are defined. It's a mathematical equation based on our prior years' actuals. But we do adjust in budget for meeting the

financial policies regarding those reserves each year. >> Alter: But there's a portion of those that seem to exceed the financial policy, the one that has the 60 some million. How much will you be expecting to add to that pot in fiscal year -- >> So you're talking about the capital funding, not operating or debt service reserve? >> Alter: Yes, the larger one. >> Again, that's our capital fund and not a reserve. As we've stated the last three years I believe in budget document, we have been transferring the excess funds into our capital

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improvement project fund in anticipation of major capital project expenditures and the contemplation of expansion and early debt retirement. This has all been the financial mechanism to prepare for council's decision on those items. >> Alter: I understand that you want to use that money towards expansion, but my question I guess is then how much excess money is going into that each year and what is projected for fiscal year '18 to go into that part of the pot. >> So I think, councilmember, what you're looking at here is a summary of where we are. I'll walk you through it real quick. Languagewise this is not reserve. These are our cip fund balances. So we start with our available unspent funds plus our planned appropriation. If we're backing out then the projects that are underway M have projects on, some are about to come back with contracts. We just did one on the marshaling yard, example, and upcoming plan in the cip. We will provide you all the breakout so you can see where we are and from a timing perspective, but ultimately I think as Karla said that it was in -- it was to set up ultimately based on a council -- the council to move forward on the expansion or not move forward on the expansion, but we'll get you all that break down so you can see it. >> Alter: I think it was a different slide that I was thinking about. There's another -- I'd like to know how much is going into that from this year, that's excess from that formula. And the other question I had is in the 3 P model with the 400 million, our land costs -- are land costs

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included in that 400 million? >> I think I'd come back to the original 560-million-dollar number and it was really a bucket kind of at this stage you're looking at an overall project estimate. We would assume that \$400 million for the entire project cost. However land would be treated in that transaction and I think that land, for example, in our previous transaction was treated without any markup or developer profit on that land and that was all negotiated. Is it in or not? I think it's all in terms of what the transaction of the structure would look like. We feel like that is a good target amount to some of council's other priorities to be able to get to the expansion plus these other policy objectives. And then it is a target amount that we want to test, but we feel good about it. >> Alter: >> Alter: I know you don't

know the amount when you go to do it, but the target amount include the full cost? >> It would be the full cost. >> Alter: I would love to hear from Ms. Troxclair if we could. It is past 3:30, if that is possible. >> Mayor Adler: We'll get there in just a second. Councilmember pool. >> Pool: I have two last questions. One is to reiterate -- when I last spoke I was talking about getting from you guys the project details on the 63 million that I think was on slide 33. That 62.1 million. So if you could get us the project detail and then the second question that I would like answered is the impact on loss of property tax should we take a chunk of downtown property tax for aid and also the city of Austin, what is that estimate? And so that we can see what the impact would be to aid

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I guess Travis county as well. >> Mayor Adler: I would conclude by saying I wouldn't support a convention center that took the property off the tax rolls. I think it's important for it to be there not only for the city, but for aid and others. And councilmember Garza, I just want to respond just a second, the role of the mac and it's community is near to many of us and I couldn't imagine Austin ever supporting something that wasn't something that was endorsed by the board nor would I support anything that changed its mission. I think for a lot of projects that we're all looking at in the city, I think that we're testing now to see whether or not if we did a convention center that we did a bigger pie. Fifteen% of a bigger pie is a bigger number. The question is is that something that we can access and does it come with a burden that is greater than the benefit that we would receive? But all of the rules I agree 1,000 percent are things that we need to vent and work through and to a degree on some of these inks we're cutting -- these we're cutting edge a little bit. The ability to use the tpid for homelessness, when it was announced in the newspaper we had some folks that jumped up at the legislature to question whether we could do that. And lots of people in this community stepped forward to say no, no, I think this is a good evolution of that in this environment. And it was -- it was accepted. So I think now is the time with an extended period of time for us to kind of go through that. But the mission and the purpose of the mac as well

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as the investment that the board has is real important to me too. Mayor pro tem? >> Tovo: I just is have two quick questions. One is I guess I'm trying to figure out whether the item on the addendum, mayor, you intend to postpone on Thursday. I think there are probably people who would like to know whether or not -- >> Mayor Adler: It depends on -- if all we're doing on Thursday on item number 60 is making -- ascertaining whether or not we take more money and how much money out of the convention center and the visitors bureau, then I think that it is appropriate and best if we took all those other questions

and took them off. But to the degree -- again, I just handed a revised list and I don't know what the revised 60 is, so I don't know how large or encompassing that conversation is going to be. But if we're just focusing on those two, then very definitely we don't need to address 101. >> Tovo: Okay. My answer on that is the same one I put on the message board. That's how I see it. But then my other question is for our staff, and it's complete -- it's a slightly related but very different topic than the one we've been talking about. Already been told this once before, how is the debt for the Hilton being paid? >> The Hilton is a separate enterprise. It does not flow through the city. No city funds are used on the Hilton, no hot funds are used on the Hilton. It has its own credit. It's pledged by the operating revenues of the Hilton, of the hotel. >> Tovo: Okay. I was going through some visitor impact notes that talked about the debt for the Hilton being paid a and I was trying to determine -- because that is city owned property. Can you help me remember what the relationship is with the city. >> There is the Austin -- when the hotel was built a corporation was formed called the Austin convention enterprises corporation.

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That corporation was appointed by city council and then the city council -- the corporation entered into an agreement, an operating agreement with the Hilton. Hilton -- the company name. And debt was issued to pay for that and the debt is pledged by revenues coming from there. >> Tovo: So they're using hotel revenue to pay off the debt. >> It's hotel revenue that pays off the debt. There's no hot funding or city taxes for that at all. >> Tovo: When the debt is paid off who gets the revenue from that point on, Hilton? >> We have an operating agreement in place, but ultimately the bottom of that waterfall is that it comes back to the city. >> Tovo: Comes back to -- >> Would come back to the city. There are like other -- like other bonds, there's a bond covenant with water falls about how those funds are spent, but at the end of that debt funds would flow through the waterfall back into the city. >> Tovo: So one of the reasons that this came up is that there was a suggestion from someone in the community that if that debt were paid off more quickly, then that revenue would return to the city more quickly and could potentially be used for some other purposes. I'm not sure I'm understanding the scenario and the arrangements clearly enough to know whether that can be possible. I mean, it does sound like once the debt is paid off the revenue through our operating agreement does come back to the city. >> Correct. Because their profit is maxed. Actually, the operating agreement their profit is a capped. A lot of investments go back into the hotel, like I mentioned we just did. What I can say is the city council did just approve a refunding of those bonds that would help that long-term liability to get to that point to where the debt lot get -- the debt will be repaid, but if we do not change -- like most of our debt when we fund it, we don't change the ultimate maturity of that debt. We can get to that, but again I want to reiterate that the Hilton does not

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utilize hotel occupancy tax and it does not utilize any city property tax at all. >> Tovo: Yes. I was just following through on this suggestion or trying to follow up from the suggestion from a community member that if debt were repaid more quickly we might be able to use that revenue for purposes related to homelessness and other kinds of community benefits. >> That's a good question. >> Tovo: I'll talk with you maybe outside of this context. Thank you. >> Mayor Adler: Do we want to move past this item and pick off real quickly some of the other items on the pulled beginning with item number 60? >> Kitchen: I thought that councilmember troxclair was going to explain her amendment? >> Mayor Adler: That was item number 60. I'm asking if we can move off this now and then go to item income 60. >> Kitchen: I got you. >> Mayor Adler: Then I'll pick the others because I think there are some items that we want to say publicly that we're thinking of postponing as well. My understanding is we're talking about postponing potentially item 56, item 98 and item number 86. Fifty-six was the lobbyist item. Ninety-eight was the historical allergic commission item and 99 was the zoning case in the view corridor area. Ms. Garza? >> Garza: I only pulled 18 and I'm sorry I just remembered this because I see judge statman sitting back there. I only pulled 18 to ask that it be postponed because some of the stakeholders still have concerns and this is the first time it comes back to us. And I would ask that judge statman meet with some of those advocates to see if we can work through some of those concerns before it comes back to us. So I will be asking for a postponement on 18. >> Mayor Adler: Okay. Thank you. Ms. Troxclair? Do you want to talk 60? I'm sorry, mayor pro tem? >> Tovo: Mayor, I think I pulled one item for today and I've forgotten what it

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is. >> Mayor Adler: It was item 61 on thrasher lane. >> Tovo: I've gotten answers to my questions about what this means. Thanks. >> Mayor Adler: Yes, Mr. Renteria? >> [Inaudible]. >> Mayor Adler: Is your microphone on? That's okay. >> Renteria: I got word from naca that item 55 they will request to postpone it until next month, September the 28th. >> Mayor Adler: Okay. Postponing 55. Staff will be asking for that. >> Renteria: Yes. They're going through a tax credit and the state has -- has issued new tax credit rules and they want to find out what the rules are before they pursued this request. >> Mayor Adler: Yes? >> Flannigan: 88, the applicant has requested postponement on that as well. >> Mayor Adler: Is the other side okay with that too or is that the first time? Or are you just putting people on notice of that? >> Flannigan: I'm putting people on notice. I think that's what staff will come up with item 88. >> Mayor Adler: Yes, kitchen? >> Kitchen: I pulled item 59, but just to highlight it for people and to ask my colleagues if they have any questions or are concerned about it to let me know so that I don't -- because I'd like to understand that before Thursday if anybody has any questions or concerns. And that's the one that is just to develop recommendations asking our staff to develop recommendations and come back to us. You know, if we're engaging the community to alternatives to activities such as panhandling, like text to give like Philadelphia has done and keep the change, that I think was

Milwaukee. So if anyone has any concerns, is expecting to pull it, I would like to know before Thursday.
>> Mayor Adler: Okay. Ms. Troxclair, do you want to talk about item 60? Mr. Car is a -- go ahead. >>
Casar: I just wanted to note that if we don't

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have -- if there is an injunction between now and Thursday's meeting on senate bill four, I'm not intending for us to take a vote on anything, but if there isn't one, then I'd ask that we hear item 102 in the evening. So probably some time after dinner. So I just wanted to mark that. >> Pool: And mayor, real quick. Item 17 was the dripping springs effluent matter and I understand that staff postponing that until the end of September, but I could be wrong on the date, but it will be postponed off the Thursday agenda. That's item 17. >> Dripping springs we will be asking for a postponement. We don't have a definite date to come back. >> Mayor Adler: Just postponed. Okay. Mayor pro tem? >> Tovo: Mayor, I had posted on the agenda and I know you just referenced it, the historic public hearing. I guess I don't believe I saw any feedback as to whether any of my colleagues had concerns about postponing that, but again I just want to make sure because there are a number of people who would like to come down, but if we think we're going to postpone, if the general sentiment is postponement will be -- >> Mayor Adler: I don't have any problem postponing that. It's fine with me. >> Tovo: Thank you. That is number 98. >> Mayor Adler: Okay. I would see us accuse we he Ising to your -- accuse wee he Ising to your request. Ms. Troxclair. >> Troxclair: You have updated documents in front of you. I think we've realized this is a complicated matter and we've tried to keep the changes to a minimum, but I will go through the things that have changed in order to be responsive to some of the concerns that have been raised. First the resolution, there are two changes that are underlined. The first, lions municipal golf course to a whereas

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clause to places that are popular among tourists. And then we added a be it further resolved to clarify that the money, to the extent possible, should be spent on legally permitted maintenance and operations funds first before other non-m it and O expenses for the general fund as well as there were a couple of questions as to what kind of projects this could apply to so we added a list. It says examples of such projects could include, but are not limited to the following, oakwood cemetery and annex, Barton springs bathhouse, Seaholm building, downs field, fiesta gardens, Umlauf, Barton springs pool, and also wanted to point out that there are some non-city resources that would be eligible as well. The montopolis school, palm school, mexicarte, Austin's tejano walking trail and lions municipal golf course. If you flip to the next page there's an updated copy of the chart. There was a request from one of the co-sponsors that we add a line that's the manager's proposed budget, the top line was just the current

allocation for this fiscal year. So really that's just an additional data point, not a change to the proposal. Then a few ear changes on this chart. Number one we removed the protected, unremitted short-term rental revenue although I do believe that we will -- that the city wants that money and that hopefully we will find a way to get that money and then

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all of the budget -- the amount in all of the buckets would go up according to the distribution that we've laid out here, but that six million dollars to air bnb has said they have in unremitted hot taxes, you know, we don't have it in the city covers yet -- coffers yet, so we removed that assumption that we would receive it. Talking with legal, the co-sponsors and what San Antonio does, I think it makes sense to allocate that \$1.5 million to spring festival security costs funded through the convention center security budget, so it's -- really it doesn't make a difference in the bottom line. It's still the same \$1.5 million. I just -- I feel more comfortable legally allocating the money that way and from my conversations with south by southwest they don't have an issue with us making that change? And to ensure that there's no funding taken away from cultural arts and that bucket remains at the 15% and we changed the language. There was one of the bullet points at the bottom that said a credit to the general fund. And although in my mind that is what we're doing, the -- the legal -- just to track better with state legal language we changed that to say historical restoration and preservation projects or activities. And then the last -- the

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original chart said -- I believe it said option a and option P, one had a tpid and one did not. I do think that was a little confusing because it made it sound like count was choosing between two options and really to the mayor's point the option that is contemplated in this resolution was option a so line in this chart is really what we're hoping to do with this resolution. That is the proposal that's contemplated here and those are the financial changes that would be made if this item was passed. We just wanted to demonstrate that, yes, there are other cities that have tpid, that there's nothing stopping the hotels from doing a tpid if they wanted to. That is not something obviously that is already done, but that was really for example periods that if a tpid was something that happened in the future with or without the expansion of the convention center, that an example of how the funds would change, but really it's the blue line. All of the other rows in this chart are kind of for -- are reference points. What is being contemplated in the resolution is the blue line that says proposal for fiscal year 2017-2018. 2018 budget. And then just if you flip two more pages that I included just for reference, this next page that says analysis for use of 15% hot transfer fy'18 for general fund and preservation, this is actually from the San

Antonio budget office. So I just -- I found it to be a really helpful document to see what exactly they are spending that money on. They do a direct transfer to general revenue and you can see -- you can see in this list that there are plenty of maintenance and operations things included like sidewalk and stairway cleaning, landscape enhancement, et cetera. And then the last expense is

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waller creek park police expenses, security patrols along the historic river walk, which is similar to what is contemplated to pay for south by southwest security through the convention center. So again, that was just a helpful reference point to see what other cities are doing. And then the last is the one pager I had posted on the message board with updated numbers with the str revenue removed. So I hope that is helpful and I'm happy to answer any questions. >> Mayor Adler: I would just state generally that there's a lot in this that I can't support, that I think would impact option 101. And I think that there are -- there's a lot of information that I think could easily -- could appropriately be clarified. So I won't set 101 or 60 for public discussion or resolution before 4:00. But setting that on the calendar not earlier than 4:00 so people can come to talk on it if they want to. Ms. Pool? >> Troxclair: So I think we had requested item number 60 to be at a time certain, 4:00. >> Mayor Adler: I'm saying that 101 would be set at the same time, 4:00. >> Kitchen: I thought we were postponing 101. >> Mayor Adler: No. 101 includes a lot more things than is written, than what we talked about, and I think it's important to give people a chance to be able to discuss it. So no, I'm not pulling 101. But my hope is that at the end of the day that we don't have to take action on it because I think most appropriately action should be taken on these issues by the council at the end of September. >> Kitchen: I guess I'm not understanding. So are we setting 101 for purposes of hearing from the public? Is that what the purpose is of setting 101? >> Mayor Adler: It depends on what action the council decides it wants to take on item number 60.

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There's a lot of things in number 60 here. There were lots of details in this. It was just handed out two days before we're expected to vote on it, so I have a problem with that. If we're going to be able to limit number 60 as we had talked about, then I think we might be able to pass number 60 and not have to pass number 101 or to vote on number 101. >> Kitchen: So my clarifying question is I thought I had heard based on the conversation that councilmember troxclair just had and some of the comments you had earlier, I thought that you were saying that you were in agreement with the changes that she had made? >> Mayor Adler: No. I said there were two aspects of that that are things that I would expect to be able to vote on, but this resolution as written contains a lot more things than that. And I can't support it and I don't think it would be in the best interest of the city. Additionally there's detail in that

that is coming up with two days' notice. Some of these look like budget choices to be made prebudget. And I think a difficulty with that element as well. So as I sit here on the dais saying that -- number 60 for discussion, then I want them to be able to discuss 101 as well. >> Kitchen: Again, I'm just trying to understand. I think it would be helpful, because I'm not understanding what you're saying. There's not -- from my perspective there's not a lot of things in 60. So of course whatever you want to bring up on Thursday is fine, but I don't understand what specifically you are concerned about in 60. And it would certainly help us all if we could understand what specifically you were concerned about because I thought that councilmember troxclair had already made the changes to address the things that you were concerned about. >> Mayor Adler: My biggest

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problem is I just got handed this. You may have had a chance to see this before we were all sitting on the dais here right now, but I haven't had that chance to be able to do that, so at first pass of this, in looking at this, there seems to be a lot more in this than those two real limited questions. So I'm just not prepared to say that I don't think the community should have the ability to be able to discuss them. Yes, mayor pro tem. >> Tovo: Well, mayor, I guess I have to say that I think the substance of the proposal has maintained unchanged for the two or so weeks it's been up. And the details -- what has been added has been to address some of the concerns that were raised. If there were concerns about what's in 60 then I think we should as a council look at and talk about the concerns that are in 60. I just don't see it as a feasible path forward based on the hours and hours and hours of conversation we've had here, and the fact that I think several of us -- I've spent hours and hours and hours on this matter and I still -- there are still questions about what we've talked about today that I have going forward. I just don't think it's reasonable to ask the council to make a decision on Thursday about whether to move forward with a tif, an expansion of the convention center, affirmation of a tpid application. That just doesn't seem to me like at all a reasonable or responsible path forward. >> Mayor Adler: And I hear that and what I was saying is that it's still my recommendation that we not vote on 101 for all of those reasons. I think it's important that it stay open for the community to be able to discuss that, but to the degree that the discussion on 60 could be broader than that, I want people to be able to discuss 60 when they come and testify so that the totality of the conversation can be had and the impact going beyond those two small changes or those changes that we've talked about in

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60 could happen. And I posted an amendment. It doesn't have to be my amendment, but it's real simple and it has blank dollars coming out of one section and blank dollars coming out of another section that I

think that I need more information on that. And if we're moving in that direction, then that's one thing. But it does not seem to be the intent of the makers of this motion, and that's okay. It doesn't have to be. But I'm going to make sure when we do discuss this we have the opportunity to have a full discussion. It is still my intent and my recommendation to the council that we not vote on those other elements until it's been laid out and the community has a month to take a look at it. I would point out that also on item number 56, in order to be able to postpone that, that's the lobby ordinance, we need an amendment just to maintain the status quo as it exists today, so I'll bring that kind of amendment so it can be postponed. That's consistent with our conversations on the lobbyist amendment, Ms. Pool, that is correct? >> Pool: Yes, it is. >> Mayor Adler: Anything else? Ms. Pool? >> Pool: Two things. One, just really quickly, on this sheet here where we have the hotel occupancy tax allocation proposal under project funding, one column is headed south by southwest and I think we were wanting to change that to spring festivals. Just checking to make sure that was still happening. And it has been. Okay. I have three copies on my desk here. Okay. I got it here. And then -- and yes, spring festival security costs. Excellent. And then if I could ask the author of the item 60 resolution if you could explicate what had changed? Because I think it was primarily the facilities and the non-city resources. For example, did the be it

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further resolved at the bottom of page four, that was in the original resolution that was posted, is that right? I'm trying to get to what specifically was changed to help us know in response to the mayor. >> Troxclair: Yes. Do you have this copy that has -- yes. So nothing -- the only -- nothing has changed except for there has been an addition of that underlined be it further resolved, and then the lions municipal golf course was added as an example of places that tourist goes in a whereas clause. So I would -- I -- yes. The absolute general substance of this entire resolution and this exhibit have changed and the things that have changed and I wanted to make sure that I got this information to the council so that we had an opportunity to talk about it at work session. And I can post all this on the message board as well. But mayor, I was just trying to be responsive to some of the items that you have brought. So probably the biggest change that was made was pulling out the short-term rental six million dollars in hotel occupancy tax income. Otherwise, that's the only reason that the numbers have changed on the chart here. So I just -- I understand that you did just get this, but I hope that in reading it and reviewing it you will realize that I had really been -- tried to be extremely clear and very detailed about every minor change that we're making even though they're not substantial. And the substantial change that was made, really I made at what I thought was your request. So I just -- I hope that you will have ample time between now and Thursday to-- I guess I'm taking over. Sorry, Leslie. I'll let you finish. >> Pool: That's fine. I just wanted to amplify that the new be it further resolved simply puts into

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writing the intention that we talked about for a long time this afternoon, which was to in fact put the statutorily permitted 15% into the historic preservation bucket and that piece really could have been done many cycles ago by council in its allocations. And then we have the list projects that are not all inclusive and not exclusive. These are just simply examples of the types of projects that are historic preservation that would tend to qualify. They would have to be vetted. There are others that we did get a fairly long list. So I just offer that as a way to help folks get through this between now and Thursday. >> Mayor Adler: I could ask a couple of really quick questions. Is there a source for the \$2.3 million for music? Where does that money come from? >> There is. >> Troxclair: And let me confirm so I don't misstate and confuse anybody. But I will -- I will confirm and let you know in just one minute. >> Mayor Adler: Okay. The million and a half and the \$500,000 that's for the security costs and the marketing program, is that direction for the visit Austin folks to use their remaining funds in that way? >> Troxclair: No. The previous chart has contemplated doing the marketing grant out of acvb and this has now changed to funding spring festival security cost from out of the convention center budget. >> Mayor Adler: So you're directing the visit Austin budget going from the

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15,300,000 down to 9,800,000. Do you know what line items or what you would intend for visit Austin to cut their budget? >> Troxclair: I don't -- are you -- sorry, I want to make sure that we're looking at the same numbers, the numbers that I have here, the current -- >> Mayor Adler: The visit Austin budget right now is at 15 billion, and you have that cut down to 10,000,300 plus \$5 million is being directed for a new use, which makes it down to 9 million eight. Going for 15.3 to 9.8. I wanted to know what you wanted cut from the visit Austin budget. >> Troxclair: No, we have not. And I think that that is -- my co-sponsors can chime in if they have anything. Poll I think we could allow the two entities to decide where the cuts would be, but the five million that's not in that 10 million is listed in the other revenue and music 1.5, to spring festival and to heritage funding and local business and marketing program. We are saying to visit Austin, of the 15 million that you have in your operating budget, we want to see 5 million used in these ways. >> Mayor Adler: It doesn't look like everybody is in agreement on that. And this isn't the time on this dais to do it. It just points out the issue that I have. I'm not prepared to discuss this further because it was just handed out to me. Anything else that people want to discuss. Yes? >> Pool: I apologize, I'm

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reading this wrong. I thought they were an accumulation across. Because it looked like that was the five million that was missing. Thank you. >> Mayor Adler: Thank you. Councilmember alter? >> Alter: I didn't quite understand earlier, mayor, the part that you said you agreed with. I wanted to just get clarity. You said that if 60 was just doing X you could agree with that. And I didn't catch you what said there. >> Mayor Adler: I think it is an appropriate and proper function for us to take a look at the convention center allocation and the visit Austin allocation and see whether or not there's monies there that can be redirected. We did that last year. And I think that would be an appropriate thing for us to do again. It's the substance of what I intended the potential amendment that I posted the day that I first saw that that simplified it on down and put that on the bulletin board as something for the council to consider. And that's the question that I think we need more information on. As I sit here I don't know what is legal and leads to viability. I don't know. Anything else for us to discuss? Mayor pro tem? To also drill down. As I sit here I think where there are points of conserve seem to be about the amounts of allocation. I mean, it seems to me that this -- as I said on the message board this resolution is attempting -- is looking at ways to reallocate the hotel-motel tax. We may disagree about what those amounts should be, the convention center and the hotel-motel tax, but it does not speak to those other elements because it's not attempting to address those.

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Now, there could be a conversation that so much out of the convention center budget impairs their ability to move forward with their plan, but again that's about the amount. So I just think especially given the kinds of conversations we've had today, which have been fabulous. Really, they're -- they're very detailed. I feel like we've gotten some clarity on things and some more questions for the future, but I guess I'm wondering whether having lots of people come and talk about the waller creek tif or talk about how number 60 doesn't include money for homelessness when you can't pay for efforts relates to homelessness out of hotel-motel tax, I'm not sure how that advances us down the road in coming to a consensus among ourselves and with the public about how -- whether and how much we should reallocate hotel-motel tax dollars in this year's budget cycle in the next three weeks before we vote. So I guess I'm not seeing I'm seeing this is about allocation, though we may disagree on amounts and is there a way to focus in on the amounts. Are there other ways beyond the amounts where we across this dais have points of disagreement? What is it about that? Are there other elements in here that go beyond that that we should talk on or highlight? >> Mayor Adler: I look at this and it appears to me that there are other elements that are contained in this as there were in the other one. I just got handed this so it's hard for me to react to. I do know there is a massive public debate going on outside of this building and I think a lot of it is going off of information that is not accurate or untrue. And I think if we have -- I want to it talk to people in the community and if this is an opportunity for us to be able to actually be dealing with the same set of facts and understanding in the

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community, I think that might be helpful as well. There is a lot more to this, mayor pro tem, than just those two numbers. Or I'm missing it and I promise when we get off the dais and I have a chance to read this I'll take a look at it. >> Tovo: Yeah. I guess I would say the music venue is -- the music venue and that remark is a point of discussion, but to me the spring festival too is about the allocation. So so much of this again seems to me to be about how much that -- whether to reallocate and if so how much. And that's a much more narrowly defined question than the variety of other ones we've been talking about today. >> Mayor Adler: Anyone else want to discuss on the work session here? Ms. Kitchen? >> Kitchen: I want to reiterate. I think it's really important for us to remain focused so we don't confuse the public and we don't further confusion the questions in front of us because item number 60 -- it fine for people to disagree, but item number 60 is simply about how are we allocating the dollars out of the current funding stream we have for hot tax. That's all it's about. And I'm STAAR, marks as you have a chance to reassure yourself and you will see that, it's just a difference in -- and yes, if we put 15% into historical and preservation, it has to come from someplace else. So that's really just the question here. Do you want to allocate the 15% for historical or not? I mean, that's really what we're talking about. >> Mayor Adler: Okay. Anyone else? Yes, Mr. Renteria? >> Renteria: I just have a

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question. Is that going to be year after year? Because, you know, \$11 million is just going to take care of maybe two or three projects. And that's going to happen? We're actually voting on just permanently cutting the convention center and visitor budget permanently and allocate that 15% to -- is that -- okay. Thank you. >> Mayor Adler: The answer to that is question. >> Troxclair: I think that's the problem that I had with the amendment that you proposed because the amendment that you proposed would have been -- if I'm understanding it correctly would have been one-time funding in this budget year. What's proposed in this resolution is an ongoing reallocation, a creation of a new bucket that is funding historical preservation in future years. And I don't think that it's -- I don't want to have this conversation every single year because I don't think that it's a productive fight. So I appreciate the -- so to councilmember Renteria's question, yes, what's contemplated in this resolution is ongoing creation of 15% going to historical preservation that will free up almost \$13 million in general fund revenue that can then be spent on homelessness or programming at cultural centers or whatever. That's the decision that is not made in this resolution. We are trying to free up that general fund money and then during the budget the council can have a discussion about what is the best -- where is the best place for that \$13 million? But as hotel occupancy taxes continue to grow, we will continue to save that money if we continue to offset general fund -- maintenance and operations, general fund expenses with hotel

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occupancy taxes. Which is what this will do. >> Mayor Adler: Mr. Flannigan. >> Flannigan: One last thing on item 60 for me is just that I want to work with staff and not just my staff, my people, your people, but to find out what the list of projects that are eligible for the historic and preservation funds might be since I don't go to a lot of the historical sites in central Austin I can't imagine it, so I'm going to look for that list and see where the money is going to go. And I have something on one more, on a different item -- >> Mayor Adler: Before you do that. Again, the last thing I'll say is I'm confused. There are people on the dais that are co-sponsors of this that are on the dais that have said it's just a one-time choice for making a budget decision. We have other people that say with a few days' notice we're actually making an almost 50% permanent cut to the visit Austin budget. And I'm confused by one and I'm not sure I'm prepared to do the other. And I'm not sure that the council could make that decision in the short period of time if that's what it is that's happening. I promise to take a look at it. Mr. Flannigan? >> Flannigan: When going through the other items earlier, item 68, a list of public hearing for annexations, I want to let staff know that it is the intention of several of us to divide the question on that and discuss them separately. >> Mayor Adler: The annexation issue. Anything else in work session? >> Houston: I hate to bring this up -- I hate to bring this up on 60, but on page 204 we're going to need to change decker lake park to walker E long metropolitan park and then I'll have an amendment on Thursday about the Travis county expo center. >> Mayor Adler: Ms. Troxclair? >> Troxclair: So mayor,

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I'm hoping to circle back to find out what the points of contention are because I feel like this is the purpose of our work session is to figure out to the extent that there's disagreement on the dais how we can all get on the same page. And I understand that this is a new document that you've just been handed but because it is substantially the same as the previous document that you had access to two weeks ago, if can you help us understand what your issues were with the previous document, it's probably the same in this, and that might help me hone in on how we can better address your issue? And I think that mayor pro tem said it really clearly when she said there seems to be two questions. Number one, should we allocate money to historic preservation and if so how much. So if we're in agreement on the first, that would be really helpful to know. If we agree that we should start funding historic preservation through hotel occupancy taxes and we can free up some kind of money but you disagree with the amount of money, then that -- then we can have that conversation. But it's -- but I -- without that point of reference of where you're starting from, it is -- it's hard for me to address the concern if I don't know what it is. >> Mayor Adler: And I understand that. And if I had had this longer I might be able to articulate it better for you, but I begin with the fact that so many of the decisions we've made as a council and many of the councils have made for us especially with respect to the convention center and funding decisions and they are laid out and people have time to react to them. The work we

have in the visitors task force was part of the discussion that took place over an extended period of time. Staff had time to be able to vet it our manager, people had time to vet those things. The various departments had

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the the ability to be able to react to them. So if we're making fundamental changes in policy that this city has had for a long period of time I'm uncomfortable doing it with as little notice as this has had. If there was a problem with the amendment that I put on the bulletin board a week and a half ago, almost two weeks ago that you had -- you were okay with it except for one little tweet, I wish I had known that information in response to that, but I didn't have that. There are just a lot of things that are happening at this point. I'm confused. I think the public is very confused at this point and I promise to take a look at the resolution that you've handed out on the dais. >> Troxclair: But you can't articulate to me what the issues in a you have with even the previous document that was posted? >> Mayor Adler: The problems I had with that is that I think that it could easily impact our ability to be able to generate over \$300 million to this community because I think these parts are interrelated. And I think that the work that was done by the task force over an extended period of time brought together a lot of different stakeholders who were weighing different kinds of interests. I know that the ability to be able to fund homelessness is something that is real important to me and necessarily involves a lot of these pieces being able to work with each other. I'm frankly confused by the fact that it looks like there's \$300 million that we might be able to get in this community to deal with issues that we've wanted for a really long period of time. And I wasn't designating any of those, just trying to find the income streams. But I do know that the various people that were participating in that, all those elements of that, I'm not sure -- I don't believe that if your resolution was adopted as it was written we

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would be able to still put that together. So if we are going to consider deductions, if we're just going to consider deductions and nothing more than that, but we're going to consider deductions of such magnitude as to potentially put in danger the -- all of the funding and the relationships and the homeless spending, then I think we need to have that conversation. Because we can't have a conversation about taking that kind of significant deduction in a vacuum because these pieces interrelate. And I want to give people the opportunity if they believe that to be true to come up to the podium and explain that. >> Troxclair: I think you mentioned -- let me just say really quickly. You know, you mentioned the confusion in the community and I think a lot of the confusion in the community is coming from the fact that we're intermingling these two completely mangled issues. One has to do with

our existing avenue and the other has to do with 82 we're going to increase our hotel occupancy taxes and how we're going to allocate that money. So I asked the staff that very question. Is everything that they've presented separate and apart from item number 60. And they said yes. And we're trying to hone in on what exactly is that pain point that is giving you that impression. And if I had that specific information I could address it for you, but it is really difficult to be able to respond to this accusation that if we do this then we can't spend money on homelessness or that we can't expand the convention center or do everything else that might be really good for the community in your plan when we adopt have any specific information that that is based off of.

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And it really is a shame that it is getting so convoluted. And I -- I agree with others on the dais who have said that I think that is only going to get worse. If we take up these two items together on Thursday my sincere hope is we will be able to have a conversation on this item separate and apart from item 101 before we take that vote because in reality there has been no data that I have been shown so far that connects the two in any way. And I'm trying to -- I'm trying to get that -- I'm trying to get that information from you here and I -- and I -- and I haven't gotten it. So I don't know where that leaves us. >> Mayor Adler: I won't be able to answer that question exhaustively for you because I just got handed the resolution, but for one example, I don't think that you're going to be able to do the tpid and be able to get the money to fund homelessness because that's the only source of funds that have been discussed today that enable us to fund homelessness. If you do that level of cuts as you are proposing in those areas. Now, you may have already discussed that with all the parties involved and are confident that you will still be able -- let me ask the question. Have you discussed it with all the stakeholders? Can you make those levels of cuts in visit Austin and is everybody still on board with delivering the money for the homelessness? >> Troxclair: A few things. Visit Austin, the budget, because holiday occupancy taxes has grown so quickly in the past few years, these cuts are -- back to a couple of years ago it's not -- they are significant. It is 15%. But as councilmember kitchen said, the money has to come from somewhere. So if it is the level of cuts that you're concerned about, it has not been articulated to me. I know visit Austin, I believe the amount of

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money -- of course that one interest that we're all going to share is to make sure that our employees are protected, that we're not having to fire personnel. And based on the data, I believe \$6.26.2 million of visit Austin is personnel cost, which means the additional is advertising programs, recruitment programs, et cetera, that absolutely we have the discretion to decide whether or not we want to spend

it on advertising Austin or whether we want to spend it on historic preservation. Both which have to do with tourism and bringing people to our community. So if that is your sticking point -- I guess I don't understand how that's tied to -- that is not tied to homelessness because none of the things that I just mentioned has any impact on whether or not we increase hotel occupancy tax levee in order to expand the convention center. What I do know is that in this resolution if we adopt it and we put the money towards operation projects that we can free up \$13 million that can go towards homelessness. So it is -- back to the point that councilmember Garza brought up earlier that throwing out these key words that are sticking points for our community, you know, it's hard for me to respond when you say if we do this we can't fund homelessness anymore. When that's not true. It automatically puts me on the defensive and now I've had to explain over and over and over and over again that if we do this, no, there is not a dedicated funding stream for homelessness because we cannot spend hotel occupancy taxes on homeless programs. What we can do is off set \$13 million in our general fund and spend that money on homelessness, which I believe that this dais would choose to spend a portion of that money on.

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So all that to say, if this is -- if you agree, we can make changes in the allocation of this money and that you agree with allowing us to create a new bucket of funding for historic preservation and there's no level that you're comfortable with and you don't agree with making that change, then we maybe just have a disagreement. If there is a level of change that you feel comfortable with, then I want to be curious to know what that is. It is not we allocate the money to each department and it's up to those departments how they allocate the money. So I don't feel like it's incumbent upon the council to go line by line through the convention center budget or through the acvb budget and tell them what they need to cut. I trust that our staff is capable of making those decisions as long as the amount of money that we're giving them is more than enough to cover their existing personnel. And in the case of the we have been trying to get detailed information about what the reserves are, what the cip spending; what programs have we really approved. Because if at the end of the day we're talking about four or five, even \$11 million, if -- in the grand scheme of things that's out of 190-million-dollar reserve, then we need to be able to make an informed decision of the council of what impact is that really costing. I don't expect the convention center or acvb to come up and say that they support cutting funding, just like I don't expect any of our department heads to come and say they want a cut on to their programs. So I think at some point is it expecting that they are going to defend their departments and defend their programs? I think it is up to us to get the data, understand the numbers and make reasonable decisions that are in the best interest of our city.

[4:29:17 PM]

>> Mayor Adler: I think this is really unfair because you're asking me to respond to a proposal that has just been handed out on the dais and it's very hard to react to. But I will tell you I have problems that purports to have \$3.2 million for music and there isn't any. I have problem with almost a 50% cut of the visit Austin budget without understanding what the ramifications of that are or the impact that will have on the industry's willingness to participate in a tipid that delivers us homelessness money. I think the suggestion in looking at this that somehow or another you're turning up homelessness money by taking this money that's been turned out and giving it to the general fund offset, I don't follow that because the money that's being seen here goes to historical preservation, that's not an offset. So there's not \$60 million or -- \$16 million or \$12 million that is taking care of general fund expenditures that we have. And if it exists somewhere out in the ether and it's not on the page that I'm looking ant and it's not here and not available to me or available to people in the community, so you're asking me to tell you exactly what my problems are. I can tell you the problems that I see as I'm sitting here on the dais is things that were just handed to me and I'm trying to do best I can. But I can't give you a definitive list. No matter how many times you ask for it. But I can point out those kinds of problems that facially seem to me to be problematic. Ms. Houston? >> Houston: I want everybody to take a breath here because I'm going to talk about the postponement of 86. [Laughter]. >> Mayor Adler: Thank you. >> Houston: I will be making that motion on Thursday to postpone item number 36 and I would like for you all -- >> Mayor Adler: 36 or 86? Mount 86, I'm sorry. And item number 85, I'm trying to find out if there are any questions or concerns I would like to go ahead and pass the planning

[4:31:18 PM]

commission's recommendation on Thursday. So if you have any heartburn, please let me know. >> Mayor Adler: Which number was that? >> Houston: 85. >> Mayor Adler: Anything else anybody wants to talk about on the work session? Mr. Casar? >> Casar: I'm scared to bring this back in. I wrote down two questions about the discussion and it sounds like the first question there isn't a clear understanding on the dais which is how does changing anything in 60 on the budget affect the potential for working and moving forward on that stuff. And I don't really want to talk about -- if you start talking about that I might go upstairs. I'm interested in learning about it later, but I want to mark it seems like an important thing for us to know. The second question I had sounded like it was getting touched on a little bit and I would be interested in hearing from the staff or sponsors because we are headed into the budget. If we were to discuss this after the budget I don't want to miss any opportunities there. There is reasons that I and many others have for turning up money in budget. Looking here at the useful one pager we were handed, it says that there is I don't know if it's 12 and a half or 15 and a half that could become general fund dollars but my question is do we have confirmation from the half that some number like that would become available to us in the general fund if we were to move forward with this or we still are we in preliminary stages? Which is fine in that's the answer, but I want to know if staff have confirmed that we can move forward and have that much general fund money available? I'm happy to hear from the sponsors or the manager? >> Manager? >> I need to check in with Ed van eenoo. I haven't cell phone to

him last week. I can't give you an answer now. We can put it in the written Q and a and I can give you that answer in the Q and a. >> Pool: Mayor?

[4:33:30 PM]

I think I asked this earlier and I'll get back with my staff, Greg I suppose or the city manager. I asked earlier for the data to show me the relationship between 60 and 101. I don't believe there's a relationship. I don't want to continue to have that conversation without data and information because I don't think it's fair for us to say to the public that they're not related when we haven't seen that. A so I'm circling back around with Mr. Canally or Ms. Heart, whoever you want to talk about with it tomorrow, because I want to see that information. >> Mayor Adler: Mr. Renteria? >> Renteria: I also want to see if we do cut budget there, is it going to delay the 101 project where -- if it will delay for another year, then next year will we also agree on the other -- another \$11 million for the preservation. And is that going to be a delayed thing that goes down the line, delaying then? I want to make sure that all these -- that 60 gets funded before we decide to vote on expanding the convention center. >> Pool: This is on a different item number? >> Troxclair: Can I quickly respond to councilmember Casar's question before we move on? >> Pool: Yes. >> Troxclair: The answer to the mayor's question and to yours is, mayor, by -- if we fund the historic and preservation bucket out of -- from existing general fund expenses, that is how we offset -- that is how we come up with the general fund basically, that

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\$13 million. And Greg, to that point, Greg, there is well in -- there is there is well in excess of \$13 million that I believe will qualify under existing state statute and that was kind of the purpose of this last -- the be it further resolved clause that we added just for that clarification because we can spend that we can spend homework preservation dollars on maintenance and expenses or on capital expenses. So the preference of the co-sponsors is that that money be spent on maintenance and operations, expenses first, so that we're realizing the general fund offset. >> Casar: I guess my question was -- because I know we've tried multiple times to offset things with hot tax money, but often times the staff have brought us the reasons why it doesn't work that way. My question was specifically if we had cleared that hurdle and the staff had confirmed that there are \$13 million that turn up if we -- that we turn up for general fund spending and homeless -- >> Mayor Adler: And the answer is not yet. >> Casar: And I understand the answer was not yet from the manager, but the manager mentioned she still hadn't talked to the budget officer so I was trying to hear of any of the sponsors that had heard anything else. >> Mayor Adler: So I can understand too. What is the general fund expense that's being offset? >> Troxclair: What are the general fund expenses being offset? We put some examples of places that we could offset and the be it

further resolved that was added. And that is why I included -- so that was the -- -- these are existing places that we're spending general fund now that you're going to fund a different way, is that right? >> Yes. And that is why I also included this one pager from the San Antonio office of management and budget so that you could see that they

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are spending money on landscape, lawn maintenance, sidewalks, sanitation, day-to-day -- this literally says day-to-day operations. >> Mayor Adler: You're saying with the money you're taking out of visit Austin, the convention center, you're going to spend that on watering lawns in the park? >> Troxclair: On things that are -- that qualify -- on things that bring people to the city of Austin and that qualify under existing state statute, that fall under the budget of -- the exact words are historic preservation projects or activities. And I absolutely -- this is obviously where we've had lots of conversations with Ms. Foresighted and she has been very helpful and I think we are providing her with additional information so that she can get to a point where she's comfortable as well. But yes, I think that there is an argument that could be made that people are coming to the city to visit all of these places with the Barton springs bathhouse, Umlauf, the cultural district and that we can use hotel occupancy taxes to fund maintenance and operations of those tourist destinations. >> Mayor Adler: What you're proposing here and it's not clear do me on its face, but you're saying you're not going to add any new money for Umlauf. You're going to use the visit Austin budget to pay for Umlauf expenses that are already being incurred, is that correct? >> Troxclair: And then we have annual additional -- that's why it's so important that we have the additional -- that we're offsetting general fund expenses because then we have \$13 million that we can allocate to whatever the priorities of council are. And that decision is not contemplated in this

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resolution. That's for the council to decide during budget. >> Mayor Adler: Okay. So I need to look at that, but my initial concern is that as making as deep of cuts as are being proposed we lose the ability to do the tpid that funds homelessness in the city. Anything else? Yes, Ms. Pool? >> Pool: Item 17 is the special events ordinance. I just wanted to note that I'll ask that we hear it on second reading only and I can talk about it more on Thursday. But I just wanted to give everybody a head's up. >> Mayor Adler: Anything else? All right. I think we're done. It is 4:40 around this meeting stands adjourned.